

# *THE PACIFIC:* *A FORECAST*

P·T·ETHERTON  
AND  
H·H·TILTMAN

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# **THE PACIFIC: A FORECAST**



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# THE PACIFIC

## A FORECAST

BY

LIEUT.-COLONEL P. T. ETHERTON

*Late H. M. Consul-General in Chinese Turkestan and additional Assistant  
Judge of H. M. Supreme Court for China*

62

H. HESSELL TILTMAN

*"The Far East will decide  
Europe's destiny."*

— NAPOLEON

WITH ILLUSTRATIONS



BOSTON  
LITTLE, BROWN, AND COMPANY

1928

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Published June, 1928

PRINTED IN THE UNITED STATES OF AMERICA

## PREFACE

BEFORE the Great War the centre of naval gravity was in the North Sea, since then it has moved to the Pacific Ocean and the Far East. Several factors have contributed to this swing of gravitation: the rise of Japan, as the dominant race in the Far East; the advent of the United States as a colonial Power by reason of her Pacific possessions, no less than her interests in China; and the creation of the naval base at Singapore, which point controls seas on the perimeter, where lie Australia, New Zealand, and India — territories representing three-quarters of the British Empire and three-quarters of its population.

Apart from our interests in the Far East and the Pacific, the seas around Singapore carry every year £1,000,000,000 worth of cargo to Great Britain. No others can compare with them in that respect. They carry the jute, rubber, wool, hemp, zinc ore, and other commodities, which are the first essential to our industrial life and the mainstay of our manufacturing districts.

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At any day in the year there are afloat upon the seas adjacent to Singapore over £150,000,000 worth of ships and cargoes belonging to Great Britain.

That is not all, however. There is the awakening of China, the changed aspect of the East towards the West, the population problems of Japan, and the ban on Japanese immigration to the United States and Australia. In the latter countries the policy of a white man's land looms largely as a vital principle in their national life. It is a positive policy and not one of negation or discrimination. The views and aspirations of political parties in both the United States and Australia are as widely divergent as our own, but they are at one in a question that is beyond party politics. The immigration laws in those countries have stirred yellow antagonism, whilst there is also the menace of Soviet Russia and her sinister activities in the Far East.

It has been the endeavour of the writers to examine the New World Centre in all its bearings in a spirit of impartiality free from sentiment and bias, and to turn the searchlight of investigation on to its many problems. Not least of these are the future of China, with its vast storehouse of unexploited raw materials essential to industry and to the life of nations, and the adjustment of clashing interests in the development of this the largest undeveloped market in the world.

Having examined in the light of all available facts and information, as well as from wide personal knowledge of, the area involved, they have indicated what the future may unfold in this compelling centre.

The writers are indebted to the Government of the Commonwealth of Australia for certain photographs, and for a like courtesy to the Canadian Pacific Railway, whose rail and steamship services play so important a part in the region in question.

P. T. ETHERTON  
H. HESSELL TILTMAN

LONDON,  
*March, 1928*



## CONTENTS

CHAPTER		PAGE
I	HISTORY OF THE PACIFIC . . . . .	3
II	THE RISE OF JAPAN . . . . .	26
III	JAPAN THE BRITAIN OF THE EAST . . . . .	51
IV	THE NEW CHINA . . . . .	61
V	BRITAIN AND THE PACIFIC . . . . .	76
VI	U. S. A. LOOKS WEST . . . . .	114
VII	THE RIDDLE OF THE ISLANDS . . . . .	138
VIII	TRADE SWINGS TO THE EAST . . . . .	159
IX	ISSUES MAKING FOR WAR . . . . .	188
X	THE OUTCOME OF A WAR . . . . .	199
XI	CONCLUSIONS . . . . .	241
	INDEX . . . . .	259



## ILLUSTRATIONS

A BIT OF CHINA TRANSFERRED TO SAN FRANCISCO . . . . .	<i>Frontispiece</i> TO FACE PAGE
JAPANESE ARTILLERY ON MANŒUVRES . . . . .	14
JAPANESE TROOPS CROSSING A RIVER ON A GRASS BRIDGE . . . . .	14
THE INLAND SEA OF JAPAN HAS MANY SHELTERED HARBOURS . . . . .	38
INTERNATIONAL SETTLEMENT AND THE BUND AT SHANGHAI . . . . .	64
THE GREAT WALL RUNS FOR 1,900 MILES ACROSS CHINA . . . . .	64
SINGAPORE: PART OF THE HARBOUR BE- ING CONVERTED INTO A NAVAL BASE . . . . .	90
A FOREST OF OIL WELLS IN THE DUTCH EAST INDIES . . . . .	100
THE NEW CAPITAL OF THE AUSTRALIAN COMMONWEALTH: CANBERRA, WITH THE PARLIAMENT HOUSE IN BACK- GROUND . . . . .	100
VANCOUVER, CANADA'S PACIFIC PORT . . . . .	112
IN HONG KONG HARBOUR . . . . .	112
GOVERNMENT HOUSE AT GUAM, A VITAL POSSESSION OF THE UNITED STATES IN THE PACIFIC . . . . .	142

PHILIPPINE ISLANDS: IN MANILA HARBOUR . . . . .	142
JAPAN PASSES FROM THE AGRICULTURAL TO THE INDUSTRIAL STATE . . . . .	164
A VIEW OF SYDNEY HARBOUR . . . . .	184
AN AUSTRALIAN WOOL CONVOY EN ROUTE TO RAILHEAD . . . . .	184
H.M.S. "HOOD" BATTLE-CRUISER PASSING THROUGH A LOCK IN THE PANAMA CANAL . . . . .	210
THE PANAMA CANAL IN THE MAKING . . . . .	210
HANKOW: THE OLD CHINA THAT STILL CLINGS TO THE PAST . . . . .	232

# THE PACIFIC: A FORECAST



## **CHAPTER I: HISTORY OF THE PACIFIC**

*The Pacific as a world centre. Early history. Britain, Spain, and Portugal. The rise of Japan. The Powers contending for supremacy.*

THE Great War brought far-reaching changes in its wake; empires have disappeared off the map, new States have been created and set up, and the drastic modifications carried into effect have profoundly altered the political and strategical situation throughout the world. The war came upon us like a thunderclap; it is true the storm had long been in the making, naval and military cabinets of Europe were apprehensive of coming danger, but the public of the nations East and West knew nothing of what was in the offing.

The war, both from its length and what came out of it, was full of surprises. When the defeated Powers threw up the sponge the victorious Allies gathered together in solemn conclave, and settled amongst themselves how the world should be remodelled and elevated to a higher and a nobler level than it had known before. Once they had assembled and opened the discussion on numerous explosive topics it was evident from the outset that, although their principles might coincide in theory, their re-

spective views were difficult of adjustment. It was a superhuman task to reconcile conflicting interests, the settlement of the terms to be imposed upon the defeated enemies gave rise to much acrimonious debate, whilst contrary to the precedent of previous wars the beaten foes were not asked to share in the negotiations and express their views as to the terms they could or could not comply with. This failure to admit them to a hearing in the deliberations gave rise to many subsequent objections which necessitated modification in the terms, whilst it also led to a sense of rankling injustice that has steadily gained ground.

Apart from the difficulties of effecting a reasonable settlement, the war brought on new political problems, the most vital being those connected with the rise of peoples all over the world who had taken on the spirit of self-determination and wished to throw off foreign rule. This led to further changes to meet new conditions in the rising tide of democracy.

Amidst all this kaleidoscope of change and decay, of rise and fall, none is of greater significance than the course of events in the Far East and the Pacific Ocean. Japan has risen to supremacy, China is in the throes of anarchical disruption, given over to civil warfare on a vast scale, the prey of a hundred war lords and chieftains who are struggling for loot and power with-

out the slightest regard for national or patriotic motives, whilst Russia, despite the coming of the Soviet, still cherishes unchanging aims of dominion in the East, and regards with the closest attention the balance of power there.

Just after the Peace Treaty had been signed in June, 1919, between the warring Powers came another step, not only in the era of naval power and strategy, but in the gravitation of political and strategic interest from West to East. This was the official opening of the Panama Canal in August, 1919, and the passage of the American Pacific Squadron through the new highway to its recently constituted base at San Francisco. The world-wide interest aroused in the relations between Japan and the United States, the phenomenal rise of the former to a dictatorial position in the Far East, the growing menace of Soviet Russia, and the chaos prevailing in China with its population of a quarter of the human race, but a nation without cohesion, without solidity or government, and with nothing except its immense numbers — all these more than justified attention being focussed on the new world centre.

Let us now examine the various forces at work in the Pacific, how it has developed as the new arena, and bids fair to become the scene of the struggle between East and West, which may well involve all humanity in its grip.

The story of the Pacific Ocean, and that of China, Japan, and Russia on its western confines, and the United States on its eastern, has all the glamour of romance and all the thrills of war and conquest, so that a brief account of its early days and gradual evolution will be of interest.

The Spaniards were the first to develop the seaway to the Pacific; they crossed the tempestuous Atlantic in frail cockleshell barques of one and two hundred tons, battled round Cape Horn where high seas and icy winds are the order of the day and night, and passed into the calm and tropic waters of the new ocean. A few years after these indomitable pioneers came Magellan in 1520 who, instead of rounding the dreaded Horn, discovered a passage just to the north, a comparatively clear and open waterway devoid of storms and thunderous seas, and through this he crept until emerging on the western side and into the wide Pacific.

These early adventurers brought back stories of palm-clad islands, of tropical beauty, and of reputed wealth, and so others were spurred on. English, Dutch, French, and Portuguese sailed for those mystic seas, and what the Spaniards had initiated others carried on and developed. The Dutch were particularly prominent, and many ships were despatched from Holland to open trade in the Pacific and exploit its resources. When the English explorer, Captain Cook,

arrived in 1768, practically all the islands had been discovered, but the accounts he gave of the simple life, and of the warm and equable climate, fired the ambition of others besides sailors and explorers, and soon it became the goal of missionaries.

The missionary advent in the Pacific in 1796 marks an era in its development, for the result of their efforts was to bring into being the quasi-independent native kingdoms of Hawaii, Tahiti, and Tonga, whose chiefs enjoyed autonomy and were accorded international recognition. Although not part of the British Empire, our influence and authority were considerable, since the ruling element amongst the natives was under a form of missionary control; indeed, all three native kingdoms are a study in missionary government as it obtained in the early days of Pacific history. As a result of contact with English traders and others, numerous overtures were made to George III., George IV., and William IV., for annexation, but they were firmly declined, despite the pressure brought to bear from many quarters who were apprehensive of the colonising activities of other European nations.

Eventually, and largely as the outcome of what happened in America, we were brought into the Pacific arena. After the American War of Independence in 1776, when America had

thrown off Great Britain, the Government of that time was seeking a penal settlement where they could place their undesirable characters as far from British shores as possible. So it came to pass that they founded a convict station at Botany Bay in New South Wales in 1788, merely with the above object, and with no intention of embarking upon colonial expansion. Such a step would have been most unpopular following on the setback we had just received in America. Moreover, convicts could not be sent to America, hence the choice falling on Australia.

With and after the convicts came genuine settlers, exploratory enterprise was given scope, the Blue Mountains which hemmed in the new settlement were penetrated, and the rich lands beyond opened up. Gradually the settled areas were extended, and by 1834 the southern half of Australia had become a part of the Empire. At the same time our influence was widened in the Pacific Islands.

Coincident with the march of events on the western side, there was activity along the shores of the American continent, five thousand miles to the east. Russia laid claim to the southern coast of Alaska in 1824, when the famous Monroe Doctrine was proclaimed, and the Alaskan boundaries of Canada were settled. Russia was established on the shores of America, and it

looked as though she might, with the march of time, develop into a formidable enemy there. However, in 1867, the Russians sold Alaska to the United States for £1,400,000. In thus disposing of it they little realised its value, for upwards of £200,000,000 in gold, furs, and timber have since been taken out.

In the meantime, whilst events were crystal-lising in Russia, Siberia, and elsewhere, with their repercussion on the problem of the Pacific, Japan had emerged from the obscurity that had enfolded her for so many centuries, and was taking on a Western cloak. It was mainly due to the initiative of the United States, the developments in that country and China, and the gold discoveries in California, that gave a decided impetus to trade and industry on the Pacific coast, and directed attention towards Japan.

In 1852 the United States had sent an expe-dition to Japan with a letter from the President to the Emperor, in which it was declared that the two countries should live in friendship and commercial intercourse. The letter requested the allocation of ports as coal depots, and stations where American ships might obtain supplies and other requisites.

At that time Japan was living in a state of complete seclusion, desired no connection with foreign nations, and wished only to maintain

the traditional policy of isolation from those beyond their own borders. However, after numerous conferences, the Japanese were induced to forego this policy of complete isolation, and in 1854 a treaty was signed with the Americans on the lines originally requested by them.

This marks the turning-point in Japanese history, and the dawn of their rise in world politics. Although treaties with other nations followed, there was still great opposition on the part of the old conservative classes, to such an extent that the rulers of Japan were compelled to despatch a mission to Europe and America asking that the dates on which the agreements were to become operative might be postponed, as the moment for giving effect to them was inopportune. This mission, when it left Japan, was ignorant of conditions prevailing in Europe and the United States; its object was to stay the hand of progress, and to obtain a reprieve for Japanese isolation. The mission came to the West, it saw, and it returned to the land of its birth armed with copious notes and observations gathered on the tour, which embraced all that was best in the Old World and the New. No mission in history can lay claim to having effected such a revolution as did this one. Its report was published and spread throughout the land, the result revealing to the Japanese

as a whole what the West had to tell them, and the wonders it contained. Despite this, however, opposition could not be entirely overcome, and it took much time, patience, and labour, to set the wheels of progress and evolution in movement.

It is unnecessary to enter into questions of domestic policy, and the clash of interests in Japan as between the civil powers and the authority of the Emperor. Such comes within the province of a history of Japan, and does not now affect the problem of the Pacific. Suffice it, therefore, to say that in 1868 the system of government became imperialistic, the old ruling class of the Shogun and the daimios passed away, and with the restoration of imperial power the Japanese statesmen devoted their energy and abilities to adapting their country and its laws and institutions to the new conditions so that they might be brought into line with those of foreign countries. Indeed, so complete was the change from time-honoured and immemorial custom that it were well to quote the proclamation which the Emperor issued at that date. It speaks much for the devotion of the people that the behest was obeyed, and steps taken to give effect to this remarkable pronouncement, by which a nation was to undergo complete transformation and to take on a new mode of life, thought, and being.

The document read as follows:

Deliberative assemblies shall be set up, and the public shall settle the forms and measures of government.

All classes, whether high or low, shall unite together in furthering the aims of the Government.

All officials, whether they be civil or military, and all the people, shall carry out their primary wishes so that disappointment and discontent may not arise amongst them.

The manners and customs of former times, and those antagonistic of progress, will be abolished, and all things placed on a basis of equity and justice in accordance with the dictates of nature.

We shall look earnestly for knowledge throughout the world, so that we may be raised to the highest level.

Such was the proclamation that started the Japanese people on the forward march, and its principles have been rigidly followed since that date. The die was cast, and the Japanese set out along the path that led towards the goal of their ambitions. They recognised that the first essential in the transitional stage was to take on many Western customs, and to adapt existing conditions to those prevalent in the West; they realised that otherwise a position of equality could not be attained. Every department of the national life was overhauled, and the story of this rise to power and fame is the

most romantic page of Asiatic history. Sometimes success and anon defeat attended their experiments, reaction often followed as it will do when we are testing new ways and means, and are momentarily discouraged; all this, and much more, marked the line of Japanese advance from the chrysalis stage.

As the years rolled on, and lines of progress became more definite, new generations grew up imbued with the ideas of the West, and no longer subservient to the ancient customs and rigid procedure which had characterised the nation throughout so many centuries. These new statesmen at the national helm held steadily on their course; they insisted on the revision of treaties, which in their new form gave added prestige to Japan, and no longer aimed at the fundamental principles of her policy or struck at her sovereignty. Despite the opposition of foreign Powers and prevalent views that Japan was still in an embryo and semi-barbaric state, and not yet entitled to come within the orbit of more civilised communities, she remained intent upon the goal ahead.

So we pass to the concrete period of Japanese evolution, the war with China in 1894, when the cumulative effect of years of long and patient preparation was to bear fruit.

This important landmark in Pacific history was Japan's entry into the world arena as the

new and rising Asiatic Power. We have seen that she had, by dint of study and achievement since emerging from the obscurity enshrouding her, taken a definite place in the comity of nations. The booming of guns that announced the Peace of Shimonoseki proclaimed also the birth of the new Far East.

Under this treaty, Japan acquired the Liao Tung peninsula on the Chinese mainland, and a foothold in Asia which opened up immense commercial possibilities, and provided an outlet for the increasing population of her islands. The latter is the pressing domestic problem confronting the Japanese, so she looked with longing eyes towards that peninsula as offering the commercial, agricultural, and strategic advantages so long desired.

The value of this peninsula cannot be appraised from its agricultural and commercial aspect. Located in the vicinity of Peking with excellent harbours, and offering points that lend themselves to fortification, and with an unrivalled gateway to the illimitable resources of China, it was a prize of peculiar worth to the Japanese. Their triumph was short-lived, for Russia was looming up on the political horizon. Since 1891, when the late Czar Nicholas II.—then Czarevitch—had turned the first sod of the trans-Siberian railway which ten years later reached the shores of the Pacific at Vladivostok,



JAPANESE ARTILLERY ON MANŒUVRES



JAPANESE TROOPS CROSSING A RIVER ON A GRASS BRIDGE

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the Russians had been seeking an outlet on that ocean, an ice-free port essential to secure communication between Vladivostok and a prospective base in China proper. It was therefore decided to carry the line down through Manchuria, with the terminus on the Liao Tung peninsula.

Muscovite calculations had gone agley. The war between China and Japan was in a way directed against Russia, for the Chinese attempts to annex Korea were backed by Russia. She realised that once Korea was under Chinese rule she could develop her schemes in the peninsula with the same thoroughness as had already characterised her domination at Peking. Russia entirely underrated Japanese capacity, was ignorant of the fact that her whole machinery for naval and military warfare was modern, and that behind it all stood a united nation prepared for any sacrifice.

The Japanese success in the war with China came as a bombshell. Russia was not in a position to evict the Japanese from the peninsula, the railway would not be completed for some considerable time, and a campaign without the latter was foredoomed to failure. Means must, therefore, be sought to checkmate the Japanese, and prevent the Russian dream of taking over the peninsula and establishing a firm footing thereon from evaporating into thin air. Alone

the menace could not be tackled, so she set to work with feverish haste in the cabinets of Europe, and eight days after the treaty had been signed between Japan and China, there came upon the scene a combination of Germany, France, and Russia. A joint note was presented, couched in courteous but firm tones, that the acquisition of the Liao Tung peninsula by Japan was a grave menace to the safety and integrity of China and jeopardised the independence of Korea.

For a moment Japan was overwhelmed at the thought of all she was losing, what had been acquired by right of conquest, but she was in no position to resist so formidable a combination; no ally was available to help at this critical hour in the national fortunes. The Mikado's Government, after full consideration of the issues at stake, decided to accept the advice of the Friendly Powers, and so the Liao Tung peninsula passed from Japanese possession and again came under Celestial sway.

Muscovite designs were apparent; Russia had already determined to entrench in the peninsula, and in 1897, obtaining a lease of Liao Tung, established herself in the very region from which she had secured the eviction of Japan. Moreover, it was patent to the Japanese that the action of the three Powers clearly indicated their intention to exclude them from the main-

land of Asia and restrict them to their own small islands. They evidently wished to have a clear field so that the partition of China might proceed without interference from Japan.

Russian action had another and deeper import. It revealed to the Japanese the fact that they would soon have to fight, perhaps to the death, for existence in Asia in general, and the Pacific in particular, and so opened another chapter. Japan retired to her islands and, hidden from the world, gave herself up to strenuous preparation for the coming crisis.

A year after Russia had occupied Liao Tung immense fortifications had been created at Port Arthur. It was rapidly becoming the Gibraltar of the East, and its massive works spoke of permanent occupation. The Boxer rising in China during 1900 gave Russia further opportunity, fresh forces were poured into Manchuria, and when the rising was suppressed and the Allied troops withdrawn, the Russians showed no intention of following suit. On the contrary, the position was consolidated: Russian activities were extended to Korea, where timber and other concessions were acquired, and railways and fortifications constructed.

Japan was by this time gradually feeling her way; her naval and military forces were rapidly becoming commensurate with her demands, she had realised that the voices of her statesmen

were futile unless backed by adequate force, and so she now began to lodge energetic protests against the Russian trespasser. In 1901 a Japanese mission proceeded to St. Petersburg for the adjustment of clashing interests, but the effort was abortive. The following year came the Anglo-Japanese agreement, and a few weeks later the Manchurian Convention under which Russia agreed to quit Manchuria by a fixed date.

As the time drew near for the promised evacuation the Japanese grew alarmed, as they might well have done, for the Russians showed every sign of staying on, and by proclamation issued in July, 1903, the Czar created a form of viceroyalty in Manchuria, thus disclosing the Russian hand.

In the negotiations that followed no satisfactory agreement could be reached, the Russian army and navy went on increasing in Far Eastern waters, and, seeing no other alternative, the Japanese Government broke off diplomatic relations in February, 1904, and so opened the Russo-Japanese War.

History has no parallel to this campaign in which for the first time an Asiatic nation had defeated a formidable European Power. The result was to establish the Japanese as the leading factor in the Orient, and to bring about a general modification of foreign policy towards them.

Whilst the terms of peace were being discussed

at Portsmouth in the United States, another move was made in the Far Eastern and Pacific drama. This was the conclusion of the second Anglo-Japanese alliance — an instrument providing for both offence and defence, but not necessarily bellicose in character and intention. It was designed to anticipate potential aggression on the part of Russia as the natural desire for revenge and restoration of the *status quo ante*. It also envisaged the situation as it might later develop in India and Central Asia, and took due note of German ambitions in the East, which were then having more or less full play owing to the bombast and peculiar desire for overlordship of the Kaiser.

For us this new agreement was of prime importance, and, in so far as the Far East and Pacific were concerned, it was the most momentous we had concluded, for not only did we personally welcome Japan into the inner sanctum of the Great Powers, but concluded a concrete alliance with an Asiatic people. As already remarked, the pact had a peaceful object, in that it conveyed in no uncertain terms that both Britain and Japan were desirous of Russian friendship and wished for no further conflict. As if to emphasise that point, the Japanese, two years later, concluded an agreement with Russia which regulated their respective positions, and was to all intents and purposes an *entente cordiale*.

But that was not all; a similar arrangement was concluded with France, and in 1908 relations — temporarily at any rate — were adjusted with the United States, as the question of Japanese immigration to the western States of America had become acute, but this and other causes of friction with the latter nation will be discussed later on in their proper sequence.

These agreements had the effect of consolidating British commercial interests in the Far East and the Pacific, and also stayed the campaign for concessions in China, and the threatened break-up of that country by hungry Powers.

Times change with the circling years, and with them departures from declared lines of policy. In 1910 the independence of Korea, to safeguard which Japan had been so solicitous in former years, especially when Russia was a rival there, was terminated, and the Korean State added to the Japanese empire. True, the Koreans had proved themselves unfitted for self-government, conditions there were in a deplorable state, and the economic level had sunk to the lowest ebb. Be that as it may, the Japanese action is interesting as showing the limits of faith in diplomatic assurances.

To follow Britain's part in the changes and developments we must cite a revision of our alliance with Japan in 1911, designed to bring it into line with the international situation.

At this time, in addition to foreign policy and racial and immigration questions with America and Australia, internal affairs were giving rise to anxiety. The fear of foreign aggression, the menace of a new and stronger Russia arising from the ruins of the old, and the antagonism to her people aroused in countries to which the excess Japanese population desired to emigrate, had its repercussion on domestic matters. To meet potential foreign dangers vast expenditure was indicated on naval and military preparation, with a resultant increase in taxation, and the shelving of other projected reforms in internal administration, notably education and the general improvement of the masses.

Japan had become to the East what Germany was in Europe prior to 1914. The military party were in power, the army was supreme, and the militaristic spirit was inculcated in the younger generation; indeed, it dominated Japanese policy and was the pivot on which their attitude turned. She was, and is, determined to be the leading Power in the Pacific, regarding herself as predestined to this end, and will eventually gain the hegemony of the races in that region, while she looks for the day when the Japanese people will be admitted without let or hindrance as immigrants to any part of the world. We shall see how this will affect the universe in general.

Meanwhile, social unrest and internal disaffection were manifest in various parts of Japan, a scandal had occurred involving certain naval officers of high rank, and the subsequent fall of the Government, which did not tend to ease the situation. A new Government came in under the famous Count Okuma, whose declared policy was retrenchment and reduction of the heavy taxation consequent on the war with Russia. However, this was stultified by the outbreak of the World War, a few months after his advent, and the entry of Japan into the contest under the terms of the revised agreement of 1911. The part the Japanese played in the war is well known and needs no repetition here; the fact that they benefited industrially and commercially is also dealt with elsewhere in this book, as are the attempts to make capital advancement in China from the preoccupations of the Allies in 1915, when their entire attention and resources were absorbed by the life and death struggle in which they were engaged.

We will now pass over the actual interval of the war and come to the Peace Conference at Versailles. This marks the turning-point in the relations between China, Japan, and the West, and therefore claims discussion.

China at the invitation of Great Britain and the United States had declared war on Germany, believing that by so doing she would regain

Chantung freed from foreign control, and secure immunity from further interference by sundry nations. Delegates were sent to the Peace Conference at Versailles, and for the first time in history representatives from the most ancient empire sat side by side with those of the Great Powers from both the Old World and the New. China expected much at Versailles. Had she possessed internal peace and a strong Central Government, she might have secured a new prestige and dignity, and have definitely aligned herself with the leading nations, as Japan had done a generation before.

Unfortunately for China, and, we think, for the world, she was disappointed. The discovery at the Conference that the German rights were already pledged to Japan, her ambitious neighbour and rival, exercised a profound impression on the Chinese mind, especially in the democratic South. China declined to sign the Peace Treaty, and her representatives returned to report that even the one piece of unredeemed China in the gift of the Conference had been handed to a foreign Power.

The effect of this on the political situation was quickly revealed; anti-Japanese riots broke out on a large scale, boycott of things and people Japanese supervened, and the bias against the Japanese spread far and wide over China.

The next act in the drama was the Wash-

ton Conference of 1921, convened for the reduction of armaments, to regulate rival interests in the Far East, and to restore harmony amongst the rivals. An agreement for restricting armaments was arrived at, but the outstanding feature of the Conference was the abrogation of the Anglo-Japanese alliance, which then became due for renewal under the ten years' clause. This was decided upon in deference to the wishes of Britain and the United States, but it aroused great resentment in Japan, and was the cause of bitter disappointment. Since the dawn of history nations have safeguarded their interests, both political and economic, by the expedient of alliances. Japan had done the same, and from her point of view seemed to be in a fair way to solving the economic problem, and gaining an outlet for her population that increases at the rate of 800,000 per annum. Now the hope was shattered, there was little possibility of contracting an alliance with another Western Power, unless it be Russia, or in the future with a new and stronger Germany, that will, in the fulness of time, arise with all the old aspirations and fitted in a far greater degree to reassert her authority in the councils of the world, and assume the dominant position to which she considers herself so rightly entitled.

We have traced the rise of Japan to the present day, and arrive at the main conclusion that

there are now four great Powers contending for supremacy — Britain, United States, Japan, and Russia. It is not possible to consider China as a fifth, for she finds herself in a hopelessly chaotic condition, split into many factions, and devoid of all national or patriotic sentiments. In a later chapter we shall amplify these statements, since China, despite her condition, enters largely into the Pacific problem.

## CHAPTER II: THE RISE OF JAPAN

*Present factors in the Pacific. Japan. Her needs and policy. Will force deciding factor. How Russia was eliminated from the Pacific.*

IT has been truly said that whatever aspect the history of the Pacific assumes during the next decade, it will be created by Japan. Just as China is the main negative factor in the silent upheaval, full of constant change, now taking place in the Far East, so the Japanese empire is the positive factor destined to decide the form those changes will take.

Japanese foreign policy has, since the Great War, been largely designed for the furtherance of the ambitions of her ruling class. In the first place, she aims at hegemony in the Pacific, and establishment of an overlordship of the Far East. At the same time, Japan claims from Europe and the United States the right of admittance to their councils, and their territory on a basis of complete equality.

“If the white man claims the right to live in, and trade with, the Far East on terms of equality,” say the Japanese statesmen, “then the Asiatic races, and particularly the Japanese people, can in perfect justice claim the removal

of all restrictions upon settlement and trade with Europe, the United States, and Australasia."

At first sight these two ambitions appear incompatible, and give the impression that Japan is trying to hunt with the hare and run with the hounds — in other words, both to strengthen the political and economic bonds uniting her interests with those of Western nations, and to establish herself as the leader and figurehead of an awakened Asia anxious to discard Western authority east of the Suez Canal or in the Pacific.

The Japanese are a practical race where politics are concerned. They do not waste time cultivating either nations or policies unlikely to be useful to them in their ambition to become the dominant force in the Far East.

For the past thirty years the forces of Japan — political, diplomatic, economic, military, and social — have been largely directed to that end. The Japanese of all classes is equally anxious to see his country supreme in an awakened East as is the Foreign Minister of his Government.

That is Japan's first ambition. But there is no immediate indication that her chance of such domination in the Far East will be realized. There is still no sign that either Great Britain, France, or the United States are prepared to welcome an aggressive Japan, and — what is for her the acid test of this policy — to admit

the overcrowded Japanese people as emigrants into their territories.

At the first sign of her opportunity having passed, Japan may forget her partial victories and ignore the Chinese plaint that the Japanese representatives secured the plums at Versailles while Chinese emissaries went empty away, with nothing to show for the exclusion of Germans and Austrians from Chinese territory, except a more powerful Japan tightening her grip upon the natural resources which are equally vital to both nations. Let us view the situation as it must present itself to the Japanese. On the day that Western nations show their hands upon a major issue, and refuse Japan equality, the Japanese people will touch the second string of their foreign policy. They will remember that although Western nations are overpopulated there are no vacant spaces in Europe while Japan is overpopulated and surrounded by empty lands. They will remember the peoples of Asia, governed, "protected", or bound by one-sided treaties to look upon the white races as their "superiors." Cold-shouldered in one direction, Japan's rulers may seek power by following their second ambition — the elimination of Western influence in Asia, and establishment of an Asiatic League of Nations, in opposition to that other League at Geneva of which she is herself at the moment a member. More-

over, she may seek to establish a new "balance of power", in which Asiatic races are grouped against European that would destroy hope of disarmament and bring within measurable distance a struggle more entitled to be called a world war than even the recent conflict.

In an impartial survey we must not ignore signs of the times, and that Japan contemplates hegemony in Asia and the creation of a bulwark against the West, if and when it should be necessary in her own interest to do so, there is evidence.

We will quote here two of the examples which could be cited of Japan's attitude to what are often inaccurately termed the subject-races.

Count Okuma, addressing the Kobé Chamber of Commerce recently, said: "There are three hundred million natives in India looking to us to rescue them from the thraldom of Great Britain."

That is direct; but even more striking evidence of the policy in the minds of Japan's ruling classes is revealed by an address in the course of which Dr. Ichimura, a Professor of the Imperial University of Kyoto, pronounced the following indictment:

1. White men consider that they alone are human beings, and that all coloured races belong to a lower order of civilisation.
2. They are extremely selfish, insisting on their

own interests, but ignoring the interests of all whom they regard as inferiors.

3. They are full of racial pride and conceit. If any concession is made to them, they demand and take more.

4. They are extreme in everything, exceeding the coloured races in greatness and wickedness.

5. They worship money, and believing that money is the basis of everything, will adopt any measures to gain it.

Before examining Japan's need for one or the other of these aggressive policies to unlock the doors of neighbouring territories, and her ability to support diplomatic action with force if necessary, it is essential to bear in mind the factors which have brought into being the present-day Japan, and of its widespread Westernisation. This, more than any other change of the past century, has made the Pacific the diplomatic centre of the world, the arena in which the greatest nations are engaged in the alignment of forces which may soon be contending for supremacy.

We have seen that Japan is ruled by a Mikado, who, while supposedly omnipotent, is in reality a figurehead. The real power in Japan, and decisive element in policy, rests neither with the ruler nor with Parliament: it rests with the Genro, or Elder Statesmen, the representatives of the clans of Satsuma and Choshu, originally

five in number, of whom only two survive. Although not elected, nor holding an official position, they are the advisers of the Mikado, and under the Japanese Constitution it is he and not the Diet who appoints the ministers of War and Marine and shapes the foreign policy.

It is significant that when, in 1889, the Marquis Ito framed the present constitution with Germany as the model, he adopted the supreme right of the Kaiser to declare war without reference to Parliament. He departed from the ideas which made Germany the most powerful military State since the days of Napoleon only in one particular: in planning the Japanese navy Great Britain was the model in preference to Germany for the reason, from the Japanese standpoint, that the British Navy was the most powerful and efficient.

In speaking of Japan's need of peace to raise the standard of living of her people, we must remember that even the restricted powers of the Japanese Diet are not subject to the will of the people, since there is a property qualification for voters which in practice restricts political power to twenty-five per cent. of the adult males.

Article 55 of the Constitution also lays down that "the respective Ministers of State shall give their advice to the Emperor and be responsible for it", and that as the Emperor has the sole power of appointing ministers, so he has

the sole right to dismiss them. It will, therefore, be seen that the Japanese Diet is by no means a shield against aggressive policy being pursued at variance with the popular will.

Actually, such a policy, if and when openly adopted, is unlikely to meet with public opposition, for propaganda against outside domination in Asia has produced a generation of Japanese who regard preëminence in the Pacific as their ultimate destiny. Signs are not wanting that the average Japanese would support any policy framed with that object. Indeed, the last severe rioting which occurred in Japan — apart from scattered and sporadic disorder, organised as a protest against the United States Exclusion Laws — took place at the close of the Russo-Japanese War, when at the Peace Conference called by President Roosevelt the Japanese Government obviated a last minute break-down by withdrawing the demand for an indemnity. Their moderation saved the day, since Russia, believing that Japan would insist upon it, had dealt generously with other demands. It won for Japan not only substantial advantages in the Far East, but the good opinion of the world. To her new prestige as the first Asiatic nation to defeat a Western Power on land and sea was added the fact that she had not declined the olive branch held out by the United States.

Yet the Japanese people were dissatisfied. They wished for a prolongation of the war until Russian influence had disappeared, not only from the Pacific, but from all Asia. So unpopular was the peace treaty throughout Japan that extensive rioting took place and became so fierce that a change in government was decided upon.

From this it seems clear that in the event of a similar situation arising in the future the real rulers of Japan would deal with it in the same way. The Diet, elected by twenty-five per cent. of the male population and possessing only advisory powers, may be characterised as a form of scapegoat for the Constitution. However many governments may fall, the real power remains in the hands of the Elder Statesmen and the Mikado.

This point is vital in an appreciation of the immediate future in the Pacific, for it means that Japan, alone among the nations concerned, can be relied upon to pursue whatever policy she adopts with an insistence unknown amongst the democratic countries with which she is in opposition. In dealing with present-day Japan, we have a modern democracy seeking to influence a feudal government little removed from the British Government in the years following the signing of Magna Charta, except that in Britain power was distributed among many

leaders, while Japanese action is decided by a handful of hereditary legislators answerable to none but the Emperor.

Such are the ambitions and forces which may ultimately lead to Japan becoming the powder magazine of the Far East. These Elder Statesmen, pursuing ambitions which threaten to assume world-wide importance in the near future, have already overcome the most difficult part of their task. They have converted Japan from a group of islands, inhabited by warring clans in a medieval state of development, to a powerful modern State, possessing vast industrial resources, a rapidly growing population, and armed forces as well equipped and trained as any elsewhere.

Having accomplished so much, it is but a step further to set in motion the means at their disposal should they be denied a major concession which they regard as vital to their prestige or development.

This does not mean that Japan regards war as anything but a risky undertaking. For reasons which will be advanced later on, war has been, and always will be, a risky undertaking for Japan, since the colour question limits her perspective in gauging the limits of any combination against her when she enters upon a military campaign.

Japan has gained more by the methods of

diplomacy than any other modern nation. She understands the finesse of the conference chamber. The weapon which, without the firing of a shot, secured for her concessions in China and Korea, will not be lightly laid aside in favour of more forceful methods.

The possibility of embarking upon military adventures will be better appreciated if we examine the past and present situation in the Pacific as seen by Japan. Only by careful study of the factors that make our peace and war in Japan to-day can we venture to predict which alternative is likely to be adopted in the event of a crisis. This might arise from a number of causes—the growing antagonism of an awakened China to Japan's exploitation of her natural resources, the strengthening of European and American naval defence in the Pacific, the American fortifications at Guam, the British at Singapore, a growing Australian navy, and the increasing pressure of population.

It is said that history repeats itself. For the genesis of Japan's outlook on Pacific problems we need only scan the record of political thought in Great Britain, Spain, or Portugal, during those memorable years when European ships were discovering our modern world, and contending for ownership of the new riches brought within the grasp of dauntless adventurers.

Territories which are to-day the source from

which emanates the strength of great nations were then empty or peopled by natives incapable of developing the wealth around them, and hostile to the exploiter.

Thus Great Britain secured her interests in India, Australia, Canada, Africa, the Malay Peninsula, China, and the Pacific Isles; Spain in Mexico, South America, California, and the Pacific Coast; Portugal in Africa, Macao, and China; Holland in Africa and the Indies.

During those years Europe began the long story of her relations with Asia, but what of Asia herself? Led by imperial China — then powerful, peaceful, and united — Asia continued the policy of splendid isolation. The Emperor of China considered the western barbarian as beneath his notice, and disregarded the lesson that just as the new forces forming in the Pacific had come by the sea, so only by being strong on the sea could the Asiatic peoples maintain their hegemony over that ocean.

For another two centuries China was content to send despatches to the British Court in which the King of England was ordered "tremblingly to obey" the commands of the Celestial monarch, although that ruler's ideas took on no more tangible shape. British and other European races were too distant to interfere with China, and as long as they were allowed neither to learn the Chinese language nor to establish

themselves on Chinese soil they were comparatively harmless.

In this struggle for territorial possessions Japan neither played a part nor gained a prize. The Japanese islands were then populated by warring clans of fisherfolk, who in art, military prowess, government, and industry were the inferior to the Chinese, their nearest neighbours.

The Chinese were creative, but the Japanese merely imitative, and few of those early missionaries who sought to preach Christianity among the Japanese could have imagined what a great part that curious power of imitation was destined to play in the future history of Asia.

Japan maintained her bows and arrows, and her isolation to within a few years before the Chino-Japanese War of 1894. There are British naval officers living who assisted the Japanese in the creation of a modern navy, and found them militarily still in the Dark Ages, relying upon bows and arrows for both offence and defence.

The transition of Japan from the sleep of ages to a powerful and highly developed Power in less than half a century is one of the most absorbing events in history, and gives rise to speculation as to what this new Power may attempt to achieve during the coming years.

It was in 1867 that a beginning was made to create a Japanese navy, and with the aid of British naval affairs the task proceeded apace.

The achievement, unparalleled in the story of nations, was made possible by the Japanese genius for imitation. In the initial state of development Japanese statesmen decided that their imitativeness should not be confined to material things. They determined to imitate European policy during the scramble for power in the seventeenth century and fashion a colonial empire worthy of the new Japan.

There was nothing unusual in this decision. Faced by the same facts — an overcrowded population, lack of raw materials, and an obvious interest in asserting ascendancy in the Pacific — a less imitative nation would have adopted a similar policy.

Indeed, from the Japanese standpoint, the task appeared an easy one. Was not justice on her side? Had not an Asiatic Power, needing expansion, a superior right to share in the vacant lands of the Pacific over any other aspirant? The Chinese empire had broken into discordant fragments, and this erstwhile Asiatic Power lay helpless and unable to protest against annexation, or virtual annexation, of either her own or another's territory.

Since the idea of colonial empire became a feature in her foreign policy, Japan has fought and won three wars.

The first, which tested the growing might of a resurgent Japan, was that with China. It

THE INLAND SEA OF JAPAN HAS MANY SHELTERED HARBOURS



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brought Korea under Japanese protection and established her interest in the Liao Tung Peninsula. We have already seen what this campaign brought in its wake.

This was probably the one result of the Chinese campaign which Japan foresaw and was prepared to face. A powerful Russia on the Pacific would have made it impossible for Japan to become a great Power. Not foreseen, and certainly not in accordance with the interests of Japan's rulers, were the other two results which followed this campaign.

Of the tangible results the first was the awakening and gradual Westernisation of China — a process which began after the Chino-Japanese War. It was in Japan's interest to allow China to slumber until the plans for exploitation of that country were complete. Japan showed her hand and revealed what was meant by command of the Pacific in 1895, and as a result of this blunder found it necessary to withdraw the majority of her demands upon China when they were presented in 1921. A third result of this war, that has a direct bearing upon the present problem of the Pacific, was the fact that, to meet the indemnity demanded, China was compelled to negotiate her first European loan of £50,000,000. It was to satisfy the claims of Japan that China allowed the West to become her creditors, and accorded them a standing in

the Far East, which had since resulted in checking undue ambitions on the part of Japan.

The Chino-Japanese War not only extended Japan's influence in that country, but brought her policy into conflict with European nations. In the opposition of Russia, Germany, and France to the terms of peace we can trace the beginning of anti-European policy which Japan has occasionally pursued.

We have seen how the above opposition robbed Japan of her legitimate gains and delivered a bitter blow to the *amour propre* of a nation at the moment when it was first conscious of its strength. We have also seen how the answer to this diplomatic blow was delayed for ten years, although the policy dictating it was decided upon in the hour of humiliation.

Side by side with modernisation of the army and navy Japan made great strides in her export trade. By 1897 the figures had been trebled, and her industries continued to progress unchecked until 1907. During those ten years so rapid was trade growth with the outside world that the export figures trebled again, and in 1907 totalled approximately £93,000,000.

There were some who believed that in this record of commercial extension Japan had forgotten the gains she had been compelled to relinquish in 1895, but in the realm of Japanese foreign policy, trade and military intervention are

ever interdependent, each supplying to the State strength in a different degree. This is a fact frequently lost sight of by modern commentators, who believe, for example, that Japan would not risk her extensive silk trade with the United States by a conflict with that country.

In 1904 Russia, coveting an ice-free port, failed to quit Manchuria which it had entered after the first collapse of Chinese unity. Japan demanded evacuation, only to be met with delays, evasions, and the surreptitious mustering of troops in Siberia. History will undoubtedly declare that Russia was unwisely contemptuous of the newly awakened Japan. No white nation had ever been defeated in war by an Asiatic race. The Japanese might be imitative, said the Russians, but they could not imitate the superior West to the extent of emerging victorious from a war.

The Russo-Japanese War was the decisive step in Japan's rise to the position of a great Power. Had she lost there would have been no second chance. She won, largely owing to the benevolent neutrality imposed upon every other possible aggressor by the Anglo-Japanese Alliance. Her navy, which would have been no match for the combined French and Russian fleets, destroyed Russian sea power, and eliminated her for the time being as a factor to be seriously reckoned with. The debt which Japan

owed to Britain after her victory should have made improbable anything but consideration for British interests for many years to come. But, like so many other governments, we cannot say that she has not followed the policy of every nation for itself in international affairs. Coming late into a comity of nations that had already annexed everything worth having, she is prepared to take what may be available without undue regard for what is expected in return. So we find Japan, within ten years of her victory over Russia, taking advantage of the pre-occupation of the Allied nations in the Great War, to strengthen her hold on Russia, to virtually annex former German interests in the Far East, and to present to China the famous Twenty-One Demands, which, if accepted, would have reduced the former Chinese empire to the position of a Japanese protectorate.

The part played throughout the Great War, the third campaign in which her forces had been engaged, was evidence of her resolves to foster Japanese interests. Her statesmen undoubtedly believed for some time that Germany would win, and her policy was designed to ensure that if Great Britain and France were defeated Japan should be the heir to their interests in the Far East.

Beyond convoy duties and patrol work, her navy took no active part, and having successfully performed these tasks Japan settled down

to await events and to seek at least a partial solution for the two problems which had become insistent with the passing years — the need of raw materials for her industries, and colonies as an outlet for the surplus population which had already assumed a density without parallel.

In the meantime much profit accrued to Japan from the war. In three years she supplied munitions valued at £100,000,000 to Russia alone. Her industries thrived under the impetus of her favoured position as the only Allied nation in a position to devote her entire industrial organisation to the task of trading. The total amount of money which flowed into Japan during the war will never be accurately computed, and it would have left Japan financially stronger than any nation except the United States had they not been impatient and in 1915 launched the Twenty-One Demands at China, then struggling back to unity under the presidency of Yuan Shih Kai.

Whatever the motive, the moment was opportune. The European nations were settling down to the long-drawn-out warfare on the Western front, and had little time to devote to Pacific affairs. China was weak and defenceless against a modern Power. It seemed that the once proud Empire of the "Son of Heaven" would be driven by weakness to acquiesce in any demand made upon her.

So the advisers of the Mikado doubtless thought, and in doing so they committed a signal error. By their attitude towards China they alienated the sympathies of the Chinese people, and sacrificed that good will which they had been working for years to win. More moderate demands might have won for them considerable concessions, but the document handed to Yuan Shih Kai with the utmost secrecy on the night of January 18, 1915, was unreasonable, and when its full text became known in Europe it caused grave misgivings.

The Twenty-One Demands aimed at the elimination of European and American influence in China. Their drastic nature will be realised by a study of Group 5, which Japan subsequently withdrew, and stated that they had been put forward merely as suggestions:

Group 5 contained the following seven articles:

Article 1. The Chinese Central Government shall employ influential Japanese advisers in political, financial, and military affairs.

Article 2. Japanese hospitals, churches, and schools in the interior of China shall be granted the right of owning land.

Article 3. Inasmuch as the Japanese and Chinese Governments have had many cases of dispute between Japanese and Chinese police to settle, cases which cause no small misunderstanding, it is for this reason necessary that the police departments of

important places (in China) shall be jointly administered by Japanese and Chinese, or that the police departments of these places shall employ numerous Japanese, so that they may at the same time help to plan for the improvement of the Chinese Police Service.

Article 4. China shall purchase from Japan a fixed amount of munitions of war (say 50 per cent. or more) of what is needed by the Chinese Government, or that there shall be established in China a Chino-Japanese jointly worked arsenal. Japanese technical experts to be employed and Japanese material to be purchased.

Article 5. China agrees to grant to Japan the right to construct a railway connecting Wuchang with Kuikiang and Nanchang, another line between Nanchang and Hanchow, and another between Nanchang and Chaochou.

Article 6. If China needs foreign capital to work mines, build railways, and construct harbour works (including dockyards) in the province of Fukien, Japan shall be first consulted.

Article 7. China agrees that Japanese subjects shall have the right of missionary propaganda in China.

Had these demands been conceded, Japan's two most pressing problems would have been solved for a century. With European and American influence eliminated, she would have possessed in China an inexhaustible reservoir of raw materials for her ironworks, shipyards,

and factories, while her population problem would have been relieved by the employment of increasing numbers of Japanese in China.

The error of the Twenty-One Demands, tantamount to an ultimatum, had results which profoundly affect the Japanese position in the Pacific to-day.

For years she had laboured to secure the good will of the Chinese, with the dual object of securing concessions in China and displacing European influence. By her action in 1915, the efforts to cultivate a friendly atmosphere with China were shattered, if not for all time, at least for a generation.

When Soviet agents were permeating nationalist China, and it seemed as if their alliance with the so-called Nationalist Government would have far-reaching political results, Britain believed that Russia would find that the Sun Yat Sen party were tolerating them only so long as they proved useful. Subsequent events have proved the accuracy of this estimate, and the decline of Russian prestige in China has been rapid during the past year.

It is admitted that minor irritations are often more inimical to national good will than major injustices. When the Chinese recently opened a shipyard at Shanghai, and the American Government, as an encouragement, ordered two ships, the proprietors had to build them of steel

purchased abroad, since, although China has vast quantities of iron, the industry is monopolised by the Japanese under old concessions. A country possessing the richest iron ore deposits in the world was thus forced to admit to the world that it was not master of its own wealth — a humiliating proceeding which patriotic Chinese leaders will not forget, and for which they blame Japanese capitalists.

The acceptance by the Chinese Government of the Twenty-One Demands in a much modified form was followed by a boycott of Japanese trade in China, which was responsible for the worst financial and banking crisis hitherto experienced in Japan.

A study of the psychology of credit in international trade is not within the scope of this book, but it is axiomatic that if one nation adopts an unfriendly attitude towards another upon whose custom it depends financial disaster will follow. The future prosperity of Japan largely depends upon good relations with China. This was evident in 1916-1917, and is doubly true to-day when the prospect of a new China, conscious of its strength and future, is coming within the bounds of possibility.

Historians examining the position and prospects of Japan, both before and after the presentation of the Twenty-One Demands, must come to the conclusion that this diplomatic error,

committed in face of world opinion and abandoned under European and American pressure, was the first setback sustained by Japan.

We will now deal with the abrogation of the Anglo-Japanese Treaty of 1921.

The sudden realisation that they stood alone was a great disappointment to the Japanese Government. Their spokesmen took the view that Britain had deserted her old ally in order to establish favour with the United States, and placed no credence in the declared reason that the time had come, in view of changed conditions in the Pacific, to widen the scope of the agreement to include all nations possessing direct naval interests in that region.

Japan, in consultation with the parties concerned, and after lengthy discussion, then signed the new Four-Power Naval Treaty which now regulates the armed sea forces of the world.

From views expressed in Japan, it would appear that the treaty was signed with mental reservations. In Japanese eyes it took everything that Japan had formerly possessed by reason of the old alliance and gave her nothing in return. The new pact was a bone to appease them rather than a concession of any value. Henceforth Japan realised that she must rely upon her own might if her ambitions were to be attained. The slender bond of official friendship which had bound them to Great Britain

since the days of the first British Naval Mission to Tokio was now severed. Faced by a distrustful United States on one side, a hostile China on the other, and with Britain resentful of Japanese attitude in China, Japan in 1922 entered upon a new phase of her history. From that date she has played a lone hand, fostering such policies as promise satisfaction of two great national needs — raw materials and land.

She will still participate in any conference, and continue to play her part among the nations. But tacitly she reserves the right to settle her own destiny untrammelled by outside advice. It is a perilous decision — both for Japan and for that part of the world which has substantial interests in the future of the Pacific. What is likely to be its outcome and how far the Japan of to-day has the strength necessary to achieve these ambitions are the facts upon which the issues will turn during the next generation in the Pacific. We will examine them in the light of available evidence.

Before turning to consider the present military, economic, financial, and naval strength of Japan, a reminder may usefully be given to the reader. It is one of the difficulties in conducting a logical examination of Japanese intentions that the policy consistently advocated in Japan, often with an earnestness unknown in Europe, is not necessarily the policy which the

Japanese rulers have decided to pursue. The Japanese know how to trail the herring in the diplomatic pathway. Even when a particular grievance inflames public opinion to the point of rioting, and engages the earnest attention of the Japanese Diet, it is often known in the chancellories of Europe that the question at issue is regarded as of slight importance by the real rulers of Japan, who remain silent and doubtless amused spectators.

Judged by the agitations responsible for the public outcries in Japan during the past ten years, a rupture with the United States over the Exclusion Act, which prohibits Japanese from migrating to that country, is more probable than any demand addressed to Great Britain for a lifting of the same migration restrictions in Australia. Yet concessions in Australia would yield to Japan far more solid gains than the outcome of a dispute with the United States could achieve. Only the real rulers of Japan know which, if either, of these contingencies is the most likely to eventuate.

### **CHAPTER III: JAPAN THE BRITAIN OF THE EAST**

*Present-day Japan. Facts and figures. Military and naval resources. Formosa. A Gibraltar of the East.*

THE most significant figure relating to present-day Japan is that of population.

According to the census of 1925 it totalled 59,736,822 in Japan proper, and of the Japanese Empire, including Korea, 83,455,137. In addition, there are 150,000 Japanese in South America, where they have been welcomed in the past, 54,000 in the United States and Canada, approximately 250,000 in China and other non-Japanese territories in Asia, and 132,000 in Australia.

The vital figures, however, are those showing the natural increase by excess of births over deaths. For the five years preceding the census they were as follows :

#### *Excess of Births over Deaths*

1921	1922	1923	1924	1925
702,000	682,000	710,000	743,000	875,000

This increasing population is confined to a relatively small group of islands forming the mainland, so restricted in size and so unproduc-

tive in natural resources, that Japan is forced to import not only materials for her industries, especially coal, oil, iron, steel, and cotton, but also a considerable percentage of the food needed for her people. In this respect there is an analogy between Great Britain and Japan. The similarity ceases with an overcrowded population dependent upon food and materials drawn overseas, for whereas Britain possesses ample room for expansion within the borders of the Commonwealth of British Nations, the area of Japanese possessions totals only one quarter of the homeland.

The industrial developments which have made it possible for this teeming population to live at all, and have provided the requisite finances to convert Japan into a modern State, are fully outlined in the Pacific trade survey appearing later in this volume.

Equally impressive has been the rise of Japan as a naval and military Power.

It was only in 1870 that the first attempts to remodel the army upon European lines were undertaken. To-day, due to the lessons of the Russo-Japanese campaign and the Great War, the Japanese army is as efficient and well-equipped as any other military force.

The military laws provide for a compulsory three years' service in either army or navy, followed by four years and four months in the

reserve. In addition, all men between the ages of seventeen and forty are liable for service in time of war.

The regular army comprises twenty-one divisions, each with a war strength of 18,700 officers and men, 4,800 horses, and 36 guns.

In addition, the air force, now being rapidly augmented, has 6,000 men and 548 aeroplanes.

In 1925, following an examination of the lessons of the recent war, the size of the army was reduced, but its actual striking force was increased by mechanical innovations.

The existing military machine, which was in a medieval state in 1860, possesses artillery second to none, and has recently organised six anti-aircraft corps with twenty-four anti-aircraft guns per unit, two regiments of a Tank Corps, each equipped with twenty tanks of modern pattern, and special research stations for the study of gas and chemical warfare. Even the utility of Zeppelins has been tested by the building of two dirigibles, but the results were disappointing, and one was recently lost in a storm off the Japanese coast.

Japan wisely believes in a policy of quality, not quantity, in military matters, and money has been well expended in re-equipping her forces in the light of European developments. Thus they have contributed to the efficiency of the army, and made possible a rapid extension

by the mobilisation of highly trained reserves should war threaten.

Greater interest in Great Britain has attached to the Japanese navy than to the army, possibly because, while the latter force was modelled on Prussian lines, the navy adopted the British pattern, was set in motion by British officers lent in early years to Japan, and fostered by the Anglo-Japanese Treaty, merged in 1921 into the wider Four-Power compact.

The navy has for some years ranked third in the world, and by creating it Japan has established an unchallenged ascendancy in her particular zone of influence—that part of the Pacific designated by the term “Far Eastern waters.”

The size of her fleet was modified by the Washington Conference of 1921, but not her relative power compared with the United States and Great Britain, the agreed ratio being 5.5.3. While this ratio appears to make it impracticable for Japan to equal either of the two leading naval powers, neither Great Britain, nor the United States could mobilise the whole of their fleets in the Pacific, far from home bases, and with their coastline and traffic routes unguarded. Japan, on the contrary, would in any conflict possess the advantage of short lines of communication, excellent harbours and repair bases close at hand, and an undivided navy adjacent to her shores.

From an official return published in February, 1927, the present strength of the Japanese Fleet is as follows:

#### BUILT

Battleships . . . . .	6
Battle cruisers . . . . .	4
Cruisers . . . . .	33
Cruiser minelayers . . . . .	3
Aircraft carriers . . . . .	4
Destroyers . . . . .	109
Submarines . . . . .	58
Gunboats . . . . .	6
River gunboats . . . . .	8
Minesweepers . . . . .	4

#### UNDER CONSTRUCTION

Cruisers . . . . .	6
Aircraft carriers . . . . .	1
Destroyers . . . . .	18
Submarines . . . . .	19
Minesweepers . . . . .	2

#### PROJECTED

Cruisers . . . . .	4
Cruiser minelayers . . . . .	1
Aircraft carriers . . . . .	1
Destroyers . . . . .	15
Submarines . . . . .	6
River Gunboats . . . . .	3

These figures reveal the importance which Japanese naval advisers attach to aircraft and

submarines in a future war. Japan's greatest danger may well be the submarine which caused anxiety to Great Britain during the recent war. Hence her belief in destroyers and aircraft for counter-attack. Her geographical position, on the other hand, renders it impracticable for submarines to besiege her coasts in any number, unless supported by parent ships close at hand for refuelling and running repairs. From this arises the importance of the submarine to Japan, and her desire to develop it to the fullest degree in the absence of any agreement to abolish the undersea boat.

More important than the building programme upon which she is now engaged, and one that is permissible under the Washington Treaty, is the fact that Japan is now almost independent of Europe and America in the construction and equipment of warships. Local arsenals and naval dockyards are competent in all respects to undertake that task.

Further evidence of the self-supporting policy is found in the subsidies granted by the Government to shipping engaged in foreign trade, with the result that in 1926 Japan owned 3,205 vessels of 3,135,988 tons, which carried a large percentage of the total Pacific trade.

In securing Japanese naval and military power, the homeland has not been neglected. The railways are an example of the thorough-

ness with which the country has absorbed the lessons Europe had to teach.

The first line, that between Tokio and Yokohama, was built in 1872, and had a length of 18 miles. By 1880, 73 miles of railway were in operation, and ten years later the figure increased to 3,638 miles.

The continued growth of industry made further development essential, and by 1923 the railway mileage was 9,974. In 1926 it had expanded to 12,217 miles, and a standard gauge was then adopted throughout the country. Japan is thus better equipped in railways than any other Pacific nation, while she realises the advantages of the standard gauge and has adopted the system before Australia has done so. The task of standardisation will not be completed until 1943, at a total cost of 1,408 million yen. This new development and the contemplated plans for electrification of railways indicate that Japan's rulers have abandoned their erstwhile jingo attitude in foreign affairs, and will be content to apply their energies to further national development until such time as the population problem forces them to seek a solution beyond their borders.

The vital facts concerning Japanese strength would be incomplete without a reference to Formosa, the island which passed to Japan after the war with China in 1894. It has since been

so heavily fortified that it has become a second Heligoland, and a byword for impregnable strength in the Far East.

Formosa, about which information is as meagre as was that of Heligoland in 1914, is a link in the chain maintaining Japanese prestige in the Far East. Further, it proves that, as military engineers and strategic experts, the Japanese have little to learn from older nations.

Before turning to examine Chinese prospects in the rivalries of the Pacific, mention must be made of the present Japanese overseas possessions, of which the most important are Korea, and her protectorate over Manchuria.

Contrary to the impression held in Europe, the Japanese are not good colonists, and migration is unpopular with them. Those who have moved north to Korea and China, or south to Australia and the Pacific islands, regard with reverence and longing the homeland they have quitted, and have no wish to become assimilated in their new environment. The conservatism of the average Japanese settler in matters of religion, beliefs, habits, and loyalty have militated against colonising; so strong is this feeling, that thirty years after a family have left the homeland they dream of former days there, and the fact that in that period Japan itself has changed does not affect them. Indeed, it has frequently happened that young settlers, arriv-

ing to join the older generation already established there, have found themselves boycotted because of present-day practices rousing the enmity of their compatriots who still dream of the Japan that is no more.

For this and climatic reasons, colonisation in Korea and Manchuria has not been a success. The Japanese, despite their low standard of living, cannot compete with the Korean and Chinese coolies in the labour market. Indeed, during recent years, colonisation in Manchuria has been losing ground before the competition of Chinese labourers.

The Siberian climate prohibits Japanese settlers in that region, and so, debarred from the extreme north by climate, and from China generally by the competition of low-paid Chinese labour, the Japanese stream has not yet reached the high level anticipated. Emigration to the islands of the south has proved much more successful than in Korea and the north, which probably explains the regard in which Northern Australia is held.

The other source of colonisation offering success is the South American countries bordering the Pacific. Here the Japanese are welcomed by countries not always too well disposed towards the United States, but mainly because of their low wage standard. The quota admissible to South America in any one year is strictly

limited and could not exert material influence upon the population problem.

After a complete survey we return to the fundamental fact that only migration facilities in the United States or Australia, or alternatively a rise in the standard of living in China by industrialisation which would enable the Japanese to compete with native labour, can solve the ultimate need for territorial expansion. It may well be a lively appreciation of the fact that her future is bound up not in the existing but the final distribution of territory in the Pacific that has supplied the motive for the metamorphosis of Japan in the last fifty years — a modernisation which leaves her, in 1928, fully qualified to rank as one of the world's great naval, military, and industrial Powers.

## *CHAPTER IV: THE NEW CHINA*

*Russia returns via China. Awakening of Yellow Empire. Power of China. Westernisation and the Far East. The future of China.*

No political question of this or any age can compare with the Chinese one in confusion and complexity. The kaleidoscope of leaders and armies demands a constant and penetrating insight and appraisal in reaching an understanding of Chinese affairs in this extraordinary mix-up.

As we know, early in 1927 attention was focussed on Shanghai and the South, where the pseudo-leader of the so-called Nationalist Government was engaged in a struggle with the North. Various others came and went in the struggle, and will continue to do so; Shanghai was saved from looting and destruction by the prompt action of Britain and America; the greatest of the Chinese ports, through which a quarter of the trade actually passes, was kept free, and the textile markets of Britain and America were maintained, to the obvious advantage of the Chinese consumer who knows and appreciates a good article.

What is the position in China in 1928? What are the possibilities of China becoming a definite

factor in the Pacific problem? As in the past fourteen years, so it is to-day — fresh factions are constantly arising, new elements join in the scramble for power and loot, leaders succeed one another in lightning succession, until we are lost in the maze of governors, war lords, and rival aspirants for supremacy. Within the past twelve years forty-four Governments have come and gone in China; eight presidents have held precarious sway over a limited portion of the old Chinese empire, their behests obeyed by those nominally subject to them only when it suited their convenience to do so; and still, at the opening of 1928, China finds herself without a ruling authority, exposed to civil warfare on a vast scale — a nation without a government.

We must go further in order that the reader may fully appreciate the significance of China's lapse in the paramount problem. In any review of the Chinese question we must bear in mind the concrete fact that there is no public spirit as understood in Europe and America; patriotism to a common cause does not exist, and of the four hundred millions or more of China not three per cent. are in the least concerned with politics. Confucius, whose writings and teachings have dominated the Chinese race for twenty-five centuries, laid it down as a canon of daily life that the people should not heed politics, for, as he expressed it, he who plays at politics is playing

a dangerous game — with which sentiments doubtless most of us will agree. So there is the definite conclusion that the present struggle is not really national, nor does it contain any of the essentials that go to make up a national cause.

What of the relations of China with the rest of the world, especially with regard to financial and industrial influences? Britain and the United States are marking time, awaiting developments and anxious at the moment only to safeguard their nationals and the trade conducted through them. Vast sums of money are at stake; the Chinese still owe Great Britain approximately £39,000,000; whilst many of the Chinese railways, constructed largely with British capital, are in arrears with payments on the bonds issued.

There is another factor affecting China's participation in the fight for supremacy in the Pacific. This is the Bolshevik menace and how the Soviet is continually developing its propaganda, which daily assumes a more active and aggressive character. At the same time, it is safe to predict that Communism will obtain little hold on the mass of the Chinese people, for its principles interfere with private trade, which is vital to the Celestial, whilst they strike at private liberty, one of the strongest social points. To create a communistic spirit there

must be certain elements with which to build up the fabric. The component parts are lacking in the national temperament, and until they arise there can only be an oligarchic form of rule. In dealings with the Chinese, covering every class of society, we have always noticed with what respect they regard authority, especially as embodied in a monarchy, or a really constitutional form of government. With a republic they argue there must necessarily be a change of leader, and this in itself invests the head of the nation with transitory power and one without prestige. Moreover, the Chinese conservative party considers it lacking in the main feature of imperialism, as the term is understood in China — that of concentrating authority and focusing the loyalty of the people. However, despite the wish of a section of the educated Chinese, it is improbable that the monarchy will return; in its place we may eventually expect a constitutional rule such as Yuan Shih Kai, first President of China, who died in 1916, hoped to introduce.

Little economic development is to be expected whilst internal chaos continues, and this gives the Soviet and other influences the golden opportunity. With certain sections of the people who are striving towards political consciousness, but baulked by civil war and non-success, what can be easier than to suggest to them that the



INTERNATIONAL SETTLEMENT AND THE BUND AT SHANGHAI



THE GREAT WALL RUNS FOR 1,900 MILES ACROSS CHINA

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foreigner is at the root of all the trouble? The task of those who aspire to the regeneration of China is not an easy one. No doubt Japan, deprived of the possibility of an alliance with a reputable European Power, hopes earnestly for the creation of a strong and stable China, which would make all the difference to the future situation in the Pacific.

Confining ourselves at the moment to China, the absorbing feature is the interminable civil strife: more than one hundred war lords in various parts of the country fighting for loot and personal aggrandisement; two main parties, one in the North, the other in the South, whose leaders change almost monthly; foreign trade under a constant menace and the world Powers watching for some sign of order and improvement from out of the welter of anarchy and chaos.

Who can tell what may happen? China in modern times has never held the trident in the Far East, let alone in the Pacific, and generations must elapse before she can hope to effect any material influence there. In the meantime we can only hope for a China united, free, and progressive. The main note is the want of a leader of capacity and genius, one able to evolve order from chaos, and of establishing a Government that is, both in its aims and inspirations, truly national and imbued with the ideals at present

so sadly lacking. We know that this is an immense undertaking, demanding not only a present-day Napoleon, but one who could command the cordial and wholehearted coöperation of the people — a thing not easy of attainment in a land so peculiarly constituted as China. Well does the Chinese proverb express it: "Armies can be found. A leader is difficult."

Prior to the Russo-Japanese War of 1904–1905, it was regarded as an outcome of political development that Russia would absorb Manchuria and the strategic mainland of the Chinese empire. Her whole aim, as we have shown, was directed towards that end, whilst in Central Asia and along the Indian and Afghan frontiers, her activities were ceaseless. Until the struggle with Japan no Western nation enjoyed such influence at Peking, none exerted such domineering sway, and none impressed the outer world more with its weight and seeming strength. The legend of Russian invincibility has been handed down to us from Napoleonic days; it hypnotised Europe in general and India in particular, where the possibility of a Russian descent was a form of nightmare. Such an attitude contributed to the success of Russian schemes and furthered their ambitions, both legitimate and otherwise.

The result of the Russo-Japanese War was a revelation to which there is no parallel, and no

campaign of this or any age offers so much material for fruitful discussion and reflection. At once world-wide interest was aroused in this Asiatic people, hitherto regarded as more or less an unknown quantity, who definitely emerging from the darkness of the past had overthrown the Colossus of the North, and revolutionised every theory regarding the East.

The rebuff that Russia received destroyed all hope of domination in the Far East, for the time at any rate, and she could but retire from the scene and devote herself to pressing problems of a domestic and internal nature at home.

There was widespread dissatisfaction within the Russian empire, and propaganda, which might well be termed the sixth element in war, now came prominently to the fore. It permeated all classes, and had a profound effect upon the Russian masses, sixty-six per cent. of whom are illiterate and only too ready to follow the wily propagandist. Soon all ranks of society became subject to its disintegrating influence, and so were sown the first seeds of Bolshevism. Nevertheless, the real rulers of Russia were resolved on recovery in the Far East; they might be thwarted for the moment in their ambitions, but the aim remained the same, and they continued as firmly as of old to concentrate on Russian reëstablishment in the Orient.

The collapse of Russia, and the coming of the

revolution in 1917, again brought far-reaching changes; the Kerensky Government was soon swept aside and the Bolsheviks took over the reins. They settled down to remodelling the social fabric, and preparing the way for world revolution. There was much armed intervention to overcome — they had to assert themselves within their own dominions — to say nothing of dissension amongst their own leaders. But ten years have passed and they are still carrying on, although the world revolution has not yet materialised. On the other hand, there are branches of the Communist party in practically every country, and in most of them they constitute a danger to the existing order.

Having disposed of foreign intervention, the Soviet turned its attention to the Far East, and with the recovery of Vladivostok, which up to 1923 had been held by the Japanese, the foremost gateway to the Pacific was once more in Russian hands, and they were free to consolidate their erstwhile hold on territory adjacent to Manchuria and China proper.

At first the Chinese were extremely loath to recognise the Soviet, but yielding to pressure, which they were quite unable to resist by force, they acquiesced, and an agreement was concluded between the two nations. This definitely brought Russia again on the scene, and under a more sinister aspect, for not only does the Soviet

aim at gaining a hold over all China, but seeks to do so by a system of violence against which there is no guarantee for the trader and those who contribute to the welfare of nations.

The return of Russia to China is part not only of the scheme for world revolution, but of a fixed determination to carry through the plan of emancipating the East by communistic methods. We will examine the means created to that end since they are vital to an understanding of the plan.

In discussing the potential power of China, and what development on Western lines there and in the Pacific may mean, we must note the resources both human and material to gauge their potential effect upon the situation.

The population of China, estimated at four hundred millions, constitutes the largest reservoir of man power in the world, but it must not be imagined that this huge total represents complete unity. On the contrary, there is none, either in race, language, ethics, or politics; linguistically a wide gulf separates the various sections of the Chinese people, some four hundred odd languages and dialects are spoken throughout the republic, whilst the component parts of the latter have little sympathy in common, each being devoted to its own special interests without regard to the national well-being.

Given political stability — the first requisite

of industrial progress, but a long way from realisation — this man power is the prime asset in Chinese economic development. The nation is an industrial one; they proudly admit being a land of shopkeepers and traders, and commerce has always been a leading question. The exploitation of industry and the efforts to bring it into line with those of other nations have encountered the main difficulty in Chinese philosophy of life, so antagonistic to change or departure from accepted custom as handed down through the centuries. Hard work and tenacity in the pursuit of an object are characteristics of the Chinese, but tradition and age-old custom have dictated and still largely control their life and being.

There can be no economic and industrial development while strife and civil war continue; but if the Chinese ever bring about political stability, there could scarcely be any limit to progress, in view of the immense supplies of coal, iron, and other mineral resources, as part of the national assets.

The coal and iron reserves have been variously estimated, and the figures which exceed that of any other country in the world are probably much under-estimated — for instance, with regard to oil and coal in the West.

Of the nations bordering on, and adjacent to, the Pacific Ocean, China takes first place

amongst the coal-bearing lands, and the coal industry, and with it the extraction of oil from coal, dealt with elsewhere, will form the prime factor in the economic development of the new world centre.

Iron exists in no less huge quantities than coal, and both are well placed geographically along the great waterways and near the coast to enable exploitation to be favourably carried out.

The oil deposits have only been partially investigated, due to unsettled conditions and growing dislike of the Chinese to the grant of foreign concessions which has meant an infringement of their sovereign rights, and, as they envisage it, strikes at the fundamental principles of their rule. Of other mineral resources mention may be made of silver, tin, copper, lead, and sulphur, whilst there are also cotton, silk, wool, and timber.

For industrial development, formidable obstacles must be overcome; it is impracticable to initiate the desired reforms, and with them the industrial and economic era, without the greatest care and circumspection; the evolution must be slow and carefully directed, for any check might bring about a reaction from the innate superstition and distrust of innovations. In the first place the Western World has little, and in some sections no, idea of the power of the

social fabric as revealed in China. The model on which the government of China has been based is the family; and Confucius, whose teachings for the last two thousand five hundred years have dominated a quarter of the human race, declared that the well-ordered and regulated family was the finest conception of how a country should be governed. That is the crux of the whole system of rule, and to appreciate its significance and influence we must constantly bear it in mind.

The family system, then, is the pivot on which everything relative to industrial life turns. Its head insists that all the members shall contribute as far as possible to their own support, and under his ancient mandate is entitled to exploit them to the utmost.

Most trades and callings are conducted on family lines, and determined opposition awaits those who would, for example, alter the hours of labour or conditions of employment. This family loyalty is the personification of virtue, and all else is subordinate to it; not even public duty can yet precede it, for loyalty as a national sentiment does not exist.

Further, as regards agriculture, it is carried on in the way and with the means in vogue during patriarchal times; the innate dislike of anything new meets one at every turn amongst the masses — and it is they who count in the sum-

ming-up — with strong aversion to scrapping time-honoured methods, for anything with the stamp of age on it is entitled to premier consideration in China.

From the above it will be seen how conservative and devoted the people are to ancient custom and modes of life, and they would certainly misconstrue any attempt at reform, even when supported with the best of intentions and advocated by Chinese leaders of repute. To overcome the traditions of the past, and introduce measures for the industrial and economic development of this vast storehouse is admittedly most desirable, but it will be a question of one or more generations.

So strong is the force of habit in China, that probably not three per cent. of the people are in any way concerned with politics and the pressing questions of the day; the instinct to go on as of yore is inherent, and although improvement can be noted here and there in an elementary stage, none can say that there has been any definite change in conditions that have prevailed since long before the Christian era.

An able Chinese diplomatist, with whom the writers discussed this problem at length, agreed that, although the people had been accustomed for at least four thousand years to the promulgation of imperial edicts and declarations of policy by that medium, with definite orders as

to what they were to do, it is beyond the power of any legislative body, however representative, to abolish the rules of ancestor worship, to readjust the state of feeling and thought, or to interfere with the bonds holding Society together, without the utmost regard being paid to the Chinese mentality. As already remarked, it is feasible, given ample time, but the evolution will be slow and will not come within the lifetime of the present young generation.

Coincident with actual industrial improvement, ways and communications must be established — indeed, nothing can be attempted towards the development of all the resources of which the country can boast, until there is a system of roads, waterways, and transport constructed by and under the control of a central authority. At present there are approximately seven thousand miles of railway open for traffic, but they are subject to the direct orders of war lords operating within the areas they traverse, are devoted to military purposes, exposed to the vagaries of war, and not available for development purposes. The rolling stock has deteriorated, and the railways generally are in such a deplorable state that much time and money will be required to restore them to prosperity.

Further, railway construction is in abeyance, and the percentage of railway to area is one mile to every five hundred square miles of area. It

is obvious, and is admitted by responsible Chinese, that railway development can only be undertaken with the aid of foreign capital, but the foreign investor is unlikely to put money in Chinese railways under existing conditions. At the moment, Chinese indebtedness to the Western financier is approximately £65,000,000, and the sum goes on increasing as the civil war extends, and chaos and anarchy become more pronounced. The revenues have shrunk almost to vanishing-point, the foreign investor has been badly let down, and money will not be available in the future until confidence has been restored, and just debts liquidated.

The writer has travelled extensively in China, but so far scarcely a highway exists in the modern sense of the term, and the immense deposits of minerals must lie fallow until durable roads are built. As motor vehicles will be the leading element in the transport of the near future, good macadamised routes must be laid, and here again time and the financial aid of the foreigner will be required.

## *CHAPTER V: BRITAIN AND THE PACIFIC*

*Great Britain's policy. Our interests. Singapore. Naval strategy. Hong Kong. Australia. Danger of empty continent. Population facts and figures. Australia and Japan. Canada.*

RECENT changes in the balance of power in the Pacific resulting from the Washington Conference, the abrogation of the Anglo-Japanese Treaty, and the conditions in China, have profoundly modified Britain's policy in the Far East, and it is difficult to define her present position there.

Her attitude to Pacific questions is one of quiet watchfulness, guided by the belief that events now shaping themselves in that region will have reactions upon the British Empire and the world in general.

Britain's policy, as set down on paper, will be found embodied in the two documents which have heralded the changes now taking place.

The first of these is the Washington Treaty, signed by the representatives of Great Britain, the United States, and Japan. The main changes resulting from it in the Pacific were the termination of the Anglo-Japanese Treaty, the corner-stone of British Far Eastern diplomacy for the past twenty years, and the signing of

a new Four-Party agreement to maintain the *status quo* as regards naval bases and fortifications in the Pacific Ocean. Britain's decision to construct a naval base at Singapore was not affected by this agreement, as our intention to thus provide a base for battleships in the East had been announced, and was already in the constructional stage when the Washington Conference was called. Further, Great Britain denied that this base was or could become an instrument of aggression against any other nation.

The aforesaid agreement gave the three Powers concerned control over its own area — Japan over Far Eastern waters, the United States in the Central and North Pacific, and the British Empire in the waters around Australia and Singapore. While it is not possible to agree with the commentator who writes that the treaty "thus made the fighting of a naval war between them practically impossible," \* it, at least, by clearly demarcating the invisible frontiers of the Pacific Ocean, greatly lessened the danger of a conflict.

The Washington Conference of 1921-1922 being the pivot on which future policy and dispositions in the Far East and the Pacific were to turn, it is essential to give in detail the above two pacts that arose from its deliberations.

\* *Round Table*, September, 1927.

As already stated, the first was the Four Power Pacific Treaty, which originated as follows. The Anglo-Japanese alliance concluded in 1902 had for its primary object the curtailment of Russian and German aggression in the Far East; it was of a dual nature, inasmuch as it provided for the latter contingency, and did not necessarily involve Great Britain in war on behalf of Japan except under given conditions. With the passing of Germany as an Eastern factor, and the collapse of Russia as an influence, the necessity for the alliance no longer existed.

Following upon the Russian revolution and the march of events in Siberia, where the Bolsheviks were meeting with determined opposition on the part of Allied forces, notably Japan, who wished to stem the advance of Bolshevism towards the Far East, there arose further complications, whereby the alliance in question assumed an entirely different aspect. Japan was already in virtual possession of Manchuria, and her occupation of the Pacific province of Siberia was as vigorous as any that had been carried through in the past by Russia. This policy, coupled with our position *vis-à-vis* Japan under the terms of the alliance, caused grave misgiving in the United States and jeopardised the harmony of Anglo-American relations, which it was our obvious task to safeguard, from what-

ever point of view it might be regarded. Opinion was freely expressed in America that the alliance was not only uncalled for, but constituted a positive danger, and stultified to a large extent the task of checking Japanese expansion and imperialism should the necessity arise. But this was not the only objection to any continuance of the agreement. The Covenant of the League of Nations came from the United States, and one of its articles was directed against such agreements as that between Great Britain and Japan as being at variance with the intentions of the Covenant. It laid down that members of the League should cancel all obligations or agreements that were not in accordance with its principles, and that any nation having contracted any agreement or understanding prior to becoming a member inconsistent with the terms of the Covenant should forthwith take steps to procure its release from such obligations.

Coincident with the above came the decided opposition of Australia and New Zealand, who viewed with growing concern the rise of Japan and the threat to their own security which it implied, apart from the deplorable situation in which we should find ourselves if Japan became involved in war with the United States. The general trend of opinion was that good will and a complete Anglo-American understanding was important to the future progress of the world,

and that we should work in close coöperation for the peaceful and non-aggressive development of our own interests as well as those of mankind on the basis of international good and mutual self-respect.

The pressure of opinion was overwhelming against any renewal, and it remained only to declare the alliance null and void, and to substitute a more desirable understanding to which the nations immediately interested in the Far East and the Pacific should be parties, and so arose the Four Power Treaty, signed on December 21, 1921, between Great Britain, the United States, France, and Japan. It was couched in the following terms :

The High Contracting parties agree as between themselves to respect their rights in relation to their insular possessions and insular dominions in the region of the Pacific Ocean.

If there should develop between any of the High Contracting parties a controversy arising out of any Pacific question and involving their said rights which is not satisfactorily settled by diplomacy and is likely to affect the harmonious accord now happily subsisting between them they shall invite the other High Contracting parties to a joint conference to which the whole subject will be referred for consideration and adjustment.

If the said rights are threatened by the aggressive action of any other Power the High Contracting parties shall communicate with one another fully

and frankly in order to arrive at an understanding as to the most efficient measures to be taken jointly or separately to meet the exigencies of the particular situation.

This treaty shall remain in force for ten years from the time it shall take effect, and after the expiration of said period it shall continue to be in force subject to the right of any of the High Contracting parties to terminate it upon twelve months notice.

4. This treaty shall be ratified as soon as possible in accordance with the constitutional methods of the High Contracting parties, and shall take effect upon the deposit of ratifications which shall take place at Washington, and thereupon the agreement between Great Britain and Japan, which was concluded at London on July 13, 1911, shall terminate. The Government of the United States will transmit to all the signatory Powers a certified copy of the *procès-verbal* of the deposit of ratifications.

The present treaty in French and in English shall remain deposited in the archives of the Government of the United States and duly certified copies thereof will be transmitted by that Government to each of the signatory Powers.

The following was added to the agreement as a declaration relating to insular possessions.

In signing the treaty this day between the United States of America, the British Empire, France, and Japan, it is declared to be the understanding and intent of the signatory Powers.

1. That the treaty shall apply to the mandated islands in the Pacific Ocean provided that the making of the treaty shall not be deemed to be an assent on the part of the United States of America to the mandates and shall not preclude agreements between the United States and the mandatory Powers respectively in relation to the mandated islands.
2. That the controversies to which the second paragraph of Article 1 refers, shall not be taken to embrace questions which according to principles of international law lie exclusively within the domestic jurisdiction of the respective Powers.

Two months later a supplementary agreement in amplification of the provisions relative to insular possessions was signed, which marked an era in the Pacific question and the new world centre.

In 1925 came Britain's decision to build a modern naval base at Singapore, designed for the largest warships, and equipped with full repair facilities. This completed the chain of naval stations stretching from Plymouth via the Mediterranean to Australia.

Singapore base will, when completed, modify our Pacific policy and enable us, for the first time, to safeguard our Pacific interests by stationing capital ships in that region without the necessity of recalling them to Malta — a long and costly voyage — for refit or repair.

The second document throwing light upon

British policy is the letter addressed to the Government of China by Sir Austen Chamberlain, Foreign Minister, on December 26, 1926. In this document we gave a lead to those countries possessing interests in China by accepting the principle of negotiation regarding concession areas and extra-territoriality, and expressing a willingness to examine these and other problems raised by the Chinese Nationalists as soon as there arises a government strong enough to speak for China as a whole and to carry out any agreements entered into.

This declaration, the most friendly overture to the new China yet made by any nation, finally disposed of doubts that Great Britain would be a party to further penetration in China, either peaceful or otherwise. We reserve rights of commerce with those Chinese merchants who wish to trade with us, and to protect our nationals and property when and where the local authority cannot guarantee their safety. That qualification, the minimum which any civilised government could make, was afterwards modified to the extent of returning to China our concession at Hankow. But subsequent events in that city, and the experiences of the British residents in the Yangtse trading cities, showed that the limit of concession had been reached until such time as Chinese governments lasted for a longer period than a few weeks.

In view of events at Hankow, and at the moment when Shanghai was threatened by the advancing Nationalists, the Diplomatic Body at Peking issued, in February, 1927, an important declaration of policy. Since the latter still governs our relations with the rival Chinese Governments, we quote it here:

In the light of events which are at present taking place in the region of Shanghai, and which may at any moment have serious consequences for the safety of life and property of their respective nationals, as was apparent from the bombardment on the twenty-second of February, the interested diplomatic representatives feel compelled to recall that the International Settlement at Shanghai, like other concessions in China, was established in virtue of regular agreements with the Chinese Government, in order to make it possible for foreigners to reside there freely, and carry on their trade.

In the course of party strife, of which the region has been the scene, the authorities of the International Settlement have scrupulously abstained from favouring any of the conflicting parties involved, and, in spite of the difficulties of the situation, they are maintaining in that respect the strict neutrality imposed upon them by the nature of the state of affairs thus established.

The interested diplomatic representatives are thus warranted in expecting on the part of the Chinese authorities the observance of the same rule of conduct, and they look to the heads of the armies

involved to take all measures necessary to avoid incidents which would constrain foreign authorities themselves to take measures indispensable for insuring the safety of persons and property of their nationals.

Those who have not studied events in the Far East cannot realise how profoundly policy in that region has changed within the last few years. Intimidation and outrage have been tolerated with a forbearance rare in history. The prompt embarkation of the Shanghai Defence Force for China saved that city from a repetition of what happened at Hankow, and the British Navy assisted in the task of evacuating British residents from the interior.

With the acceptance of a purely pacific rôle in China, the danger of Great Britain becoming involved in a war there may be said to have disappeared. The handful of British troops at Shanghai and in Peking and the gunboats on the Yangtse River are there as a special police force, empowered to keep order and protect property only. Under no circumstances will they advance a step into purely Chinese territory, or side with any faction in the ceaseless civil war.

Britain's interests in Far Eastern waters are now confined to the task of securing fair play for China, and an opportunity to work out her own salvation. Then there is the defence of

the western coast of Canada — and particularly the strategic port of Vancouver, which is destined to play an important part in the coming history of the Pacific.

In the Central Pacific Britain's most important possession is the colony and naval base of Hong Kong. This magnificent harbour of ten square miles in extent has been the headquarters of our Chinese squadron.

The island of Hong Kong has a total area of 391 square miles and a population of 874,420, of whom only 16,500 are Europeans. The balance consists of Chinese, who find it both profitable and peaceable to live under the British flag, since the island, then inhabited only by a few fishermen, was ceded to the British Crown in perpetuity by the Treaty of Nanking in 1842.

Recent events have enhanced the trading difficulties of the colony, and exports from Great Britain fell from £8,554,434 in 1924, to £3,181,-586 in 1926, but Hong Kong remains a British possession of the utmost importance, and will be as long as the necessity arises for maintaining warships in the Far East — hence the efforts initiated by Chinese extremists under Bolshevik inspiration to render our position there untenable by the organisation of boycotts and strikes among the seamen and dockers at the port.

New Guinea, Papua, and other islands, either owned by Great Britain or administered by

Australia or New Zealand, under mandate of the League of Nations, do not necessitate special consideration, as their influence upon our policy is slight, and their security from foreign aggression depends upon continued British occupation of the two strategic points of Hong Kong and Singapore.

Of our Pacific possessions, Singapore and Australia are likely to share the limelight for many years to come: the first because the decision to construct a naval base there is indicative of determination to maintain our position in the coming world centre, and the second because of the inevitable comparison between over-crowded Japan and the underpopulated and partly empty continent.

Singapore has long been the "Clapham Junction" of the Pacific, and the volume of shipping is greater than any other Eastern harbour. It is a port of transshipment for travellers proceeding to Australia, South Africa, China, Japan, San Francisco, India, and Europe. There is not an important line of steamships with routes in the Pacific which does not touch there at some point in their journey.

This key between East and West is occupied by a European population of only six thousand, with half a million Asiatics. Trading figures for recent years reflect the rubber boom now ended, but even after allowing for this tempo-

rary inflation of values due to the Stevenson Restriction Scheme, they indicate the importance of Singapore as a trading station.

Imports and exports have increased by over one hundred per cent. in the past six years as follows :

	1921	1925
Imports .	£68,126,020	£157,070,329
Exports .	£58,025,105	£144,560,747

The exports and transshipments of goods consigned to Great Britain trebled in value between 1922 and 1926, while during the same period the exports from Great Britain to the Straits Settlements were doubled.

These figures, and a glance at the map, showing Singapore lying midway between Suez, Australia, and the East, and with the rich rubber territories of the Malay Peninsula behind it, evidence the vital importance of this possession to the British Empire, which increases with the development and industrialisation of Asia.

Strategically, Singapore is ideally situated for its new rôle of Britain's "Portsmouth of the East", but an examination by the writers on the spot reveals certain disadvantages to be overcome before full use can be made of this factor in the Pacific.

To the uninitiated, the site of the new base on the Straits of Johore presents many disadvantages. The channel is little over two miles in

width at any point, and at its narrowest is only half a mile across. By the comparatively recent completion of the causeway from Singapore island to the mainland, the channel on which the base is being constructed has become a cul-de-sac, and at its entrance is an island surrounded by shallow water. Much of the soil in which the constructional works are being carried out is recent alluvium, although elsewhere granite is near the surface.

In addition to the base itself, the plans include the construction of a railway line to connect the base with the main Federated Malay States Railway, and there is much activity at the Admiralty oil fuel installation completed two years ago. This installation, important in these days of oil-driven navies, consists of seventy enormous tanks connected by a pipe line with the Admiralty oil wharf at Keppel Harbour. Eventually the oil station will be similarly linked with the actual Singapore base at Seletar.

Constructional difficulties overcome, there will still remain the difficult nature of waters immediately outside the Straits of Johore, through which every warship must pass when entering or leaving the base.

Navigation in the Malacca Straits to the west, and through the Java Sea to the south, is extremely difficult, as the writers can testify by experience. It is questionable whether a fleet

could accomplish the journey between Singapore and Australia as rapidly as through the clear waters from Trincomalee, the British naval coaling station in Ceylon. Certainly careful navigation and reduced speed must be observed by warships passing through the island channels between the new base and Australia.

From the point of view of security, however, Singapore is admirably situated to become a naval base. Much of the east coast of the Malay Peninsula is thick jungle, and the area opened up to the west is a British possession. The key to the situation appears to rest with the Dutch, since access to the new base could be commanded by forces in occupation of Sumatra, Java, and Borneo. However, the Dutch apparently view the scheme with favour, being anxious to share in the general protection of that part of the Pacific which it will undoubtedly give. It would be difficult for the Japanese, for instance, to take offensive action against the ill-defended Dutch possessions close to Singapore without at least the benevolent neutrality of Great Britain.

To the north of Singapore, Indo-China holds the key position, and to the east the United States, with the Philippine Islands commanding the route to South China. The nearest Japanese possession is the island of Formosa, about one thousand five hundred miles to the north-



SINGAPORE: PART OF THE HARBOUR BEING CONVERTED INTO A NAVAL BASE

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east. The British outpost in this region is Hong Kong, potentially a greater menace to Japanese extension than Singapore. The position regarding the former colony would be more gratifying were it not for the rumours that on completion of the work at Singapore the British Admiralty, when the China situation permits, will relinquish Hong Kong as a naval station and centre all warships in the Pacific upon the new base.

These considerations only become of real significance when Singapore is viewed as a base for the British fleet in event of war in the Far East, but British policy there cannot be surveyed without taking into consideration the possibility of war in view of the care and thought given to the decision to convert Singapore into a naval station.

The factor impressing itself upon the visitor to Singapore is that the port, busy and prosperous though it has been during the past few years, is but in its infancy. It will rapidly grow in size and importance, and its development will be more pronounced as the present plans mature.

Before considering British interests in the Southern Pacific we will discuss our relations with other Powers in the Far East.

A war originating in the Pacific between Britain and the United States is sufficiently

improbable to be unworthy of consideration. With regard to China, and other outstanding questions, the Anglo-Saxon nations are marching side by side towards the consummation of an enlightened and progressive policy of friendship and assistance, meanwhile avoiding friction by measures outlined in the declaration of the Diplomatic Bodies at Peking of February, 1927, set out above.

Although war between the English-speaking peoples is improbable, it does not follow that either would necessarily go to the assistance of the other in the event of a conflict arising with a third Power. Problems emanating from the Panama Canal or Guam might conceivably lead to a war in which British interests were not affected. Similarly Singapore or Australia might originate one in which the United States did not feel called upon to participate.

The Dutch, as already stated, are friendly to British interests, whilst the French in Indo-China and elsewhere, being realists, are too fully occupied nearer home to embark on any forward policy in the Pacific likely to clash with a first-class Power.

There remains only Japan, whose present policy has already been dealt with in previous chapters; the issues affecting her future which might precipitate a conflict will be enumerated later.

Here it is only necessary to say that the abrogation of the Anglo-Japanese Treaty caused disappointment in Tokio. Although it is believed that, before the treaty came into existence, Japan contemplated a similar agreement first with Russia and later with Germany, that signed with Britain was of the greatest assistance to Japan in obviating a hostile assembly of any two nations against her during the years of weakness, and to the rest of the world in affording security that the rising Power would, from her close association with Britain, observe a high standard of diplomatic rectitude in dealings with other nations.

When the treaty was terminated, the Japanese viewed it as evidence of an attempt to gain favour between this country and the United States. The so-called Four-Power Treaty replacing it was regarded as a bone thrown to Japan to appease her natural anger, but possessed of no real value. While that view is not accepted in Washington or London, it is the impression produced upon the Japanese mind as the outcome of events in 1921.

The Japanese view is perhaps natural when it is remembered that for some years prior to the Conference Britain and the United States were working in concert to counter Japanese designs in China. Directly and indirectly the two nations had encouraged anti-Japanese agitation.

This attitude was responsible for the amendments in the Twenty-One Demands and for the Japanese withdrawal in Shantung. It almost resulted in a complete Japanese withdrawal from Manchuria, which may yet be found necessary.

British policy in the Pacific is affected by these considerations, since it has been suggested that in the event of the Chinese civil war being prolonged, Britain and Japan may be forced to take joint action towards restoration of order as the two Powers with the largest interests in that country. It is a suggestion to which little credence need be given. Apart from our own declared policy, Japanese popular opinion would undoubtedly oppose any such idea.

Japan's near neighbours are China, Russia, and the United States, and all three would view with suspicion any such action for the purpose of a mailed fist policy in China. Another obstacle to such an arrangement would be the hardening of Japanese opinion, as evidenced in recent speeches, towards what they regard as the "selfish" British policy of a white Australia.

This brings us to the crux of our position in the Pacific — the consideration of the future of the island continent of Australia, and New Zealand.

If there is scientific evidence in support of the dictum that ruling races of mankind originate from temperate zones, then there can be no question of the supremely important part which

Australasia is destined to play in future history. Whether the enthusiasts who look forward to the day when the capital of the Empire will, by mutual consent, be removed from London to Canberra are right or wrong, the fact that the tide of affairs is flowing towards the aggrandisement of Australia as a factor in world development is already evident to all who watch the evolution of the Pacific region.

Australia is a land possessing much undeveloped territory and mineral wealth, a small but vigorous population, and a climate inculcating the virtues of hard work and independence over most of the region. New Zealand, the creamery of the Empire, with carefully developed resources and stronger links with the homeland than in the case of other dominions — these two form the real and potential hostages of Britain in the Pacific. These are the ideal grounds from which will come the strength — economic, industrial, physical, and mechanical — of the British Commonwealth of nations of to-morrow. None who saw the first army of Australians disembarking in Egypt in the early days of the war — an army of clear-eyed men of physical excellence and with an average height greater than that of any other army the world has ever seen — can doubt it. The same applies to the seamen of New Zealand — the finest in the modern world and equal to any in history.

Never before were two nations so admirably equipped — strategically, economically and ethnologically — for the task awaiting them.

According to latest available figures, Australia has a population of 6,043,924, which gives the Commonwealth, taken as a whole, a total of 183 persons per 100 square miles of territory. This figure is startling. It means that Australia, with eleven times as large a territory as the Japanese Empire, has only one fifteenth of Japan's population. Even these figures do not tell the full story of empty Australia, for the majority of that population is concentrated in half a dozen cities, of which Sydney is the largest.

Taking the figures for the Northern Territory alone — an immense area of scattered cattle stations and virgin plains to cross which is still an adventure — we find that a total area of 523,620 square miles has a population of only 3,687, but 1,005 dwellings! The natural increase in population for the whole Commonwealth is eighty-one thousand per annum, against Japan's average of nearly eight hundred thousand, while the increase for the Northern Territory alone is three.

There are, of course, reasons for this. Development of farms, irrigation, the provision of stock, and building of homes — these all absorb capital at a rapid rate. Lack of capital is mainly responsible for it, as well as the war which

stayed the flow of British migrants to Australia for five years and checked it for a further ten. But the interlude of the war has only aggravated a process which was a source of comment amongst foreign nations for many years before 1914.

In the case of the Northern Territory, want of the financial aid to open up the land for settlers, sink wells, make roads, and perform other essential tasks before the pioneer can settle there, is not the only reason. Another, and one which must be adjusted, is the existence of leases affording rights over vast areas of this empty land to owners of cattle stations. A station half the size of Great Britain can be worked by a handful of men, and providing the company maintains a certain number of cattle and horses upon their land, the Government cannot force it to settle the area more closely until the lease runs out.

Commenting upon this factor which now impedes the closer settlement of certain districts, Mr. Fleetwood Chiddell, in his book "Australia — White or Yellow", states :

The responsibility for keeping Australia empty does not rest solely upon the Labour Parties. Certain landed interests have hitherto successfully opposed all attempts to increase the powers of resumption (of the land) possessed by the States, and if these remain as they now are, the effect of all development schemes must be very slow.

Even if this difficulty did not exist, the task of opening up the Northern Territory alone would be colossal, for within it are regions so barren that only the Afghan and the camel train can link it with the ports on the coast. Water, railways, towns, roads, all the elementary needs of the agriculturist are lacking. A few years ago a start was made and some water holes sunk, but it will be a generation at least before the opportunities of this one region are made available for the forerunners of its future population.

An appreciation of the situation confronting the Commonwealth Government in the Northern Territory is important for two reasons. Of undeveloped districts in the Australian Continent this is the largest and least populated. It is also the region which, by reason of its climate and virgin state, has the most attraction for Japan.

That Australian statesmen are alive to the dangers of the present position is shown by a speech delivered by Mr. Bruce, the Commonwealth Prime Minister, in August, 1926, in the course of which he said:

Other nations were vitally interested in watching how the Commonwealth intended to develop and utilise its vast resources, and that some felt that if Australians could not do the job properly, they would be justified in coming in and doing it. The

question was, how long could Australia hold back the flood? Unless Australia was prepared to move forward at a pace never previously contemplated, they would be faced with a situation which would make all good Australians shudder to contemplate it. He was not an alarmist, but was merely stating facts.

The vital danger facing not only Australia but the future existence of Great Britain as a Pacific Power has been admirably compressed by a British investigator in these words :

Australia, if she continues to throw cold water upon immigration, will number nine or ten millions by 1950. On that date the population of Japan proper will be 80,000,000. Taking the higher figure (ten) for Australia, at the same rate of increase, in fifty years the population of the continent would be about 17,000,000, while at the close of that period Japan will contain about 105,000,000. These calculations are of service only as showing the impossibility of a continuance of the situation. It is not likely that Australia will contain only 17,000,000 in fifty years' time. Either it will have been stocked by the whites to a much greater extent, or it will have been peopled by the yellow race.

None who has carefully investigated the facts of the present situation can dispute this assertion. The potential causes of war in the Pacific are dealt with in a later chapter, but we wish, before leaving the subject of Australia, to state

that the latter's "boundless emptiness" is a danger, and one that may lead to friction among the Pacific nations. It is hardly to be expected that an ambitious, well-developed nation like Japan, arriving late in the international field, should calmly and indefinitely face the necessity for an unnatural and highly inconvenient congestion of her population, while adjacent to her shores is a continent admirably suited by climate and geographical position to her people, but which is barred to them.

After touring Australia in 1914, the Chinese Consul declared :

I saw more trees than men. The Almighty gave Australia to the Australians, and they could not use it, so He took it away from them and gave it to the English. If the English do not use it, He will doubtless take it away from them.

And there can be no doubt that he was speaking the mind of modern Japan. A Japanese writer recently expressed the same anger against the present policy of a "white Australia":

It is a great pity that artificial laws of other nations are standing between Japan and her natural expansion abroad. The question is, which is the stronger — the natural law or man-made legislation in the long run?

Such quotations could be continued indefinitely, all showing the same sense of injustice



A FOREST OF OIL WELLS IN THE DUTCH EAST INDIES



THE NEW CAPITAL OF THE AUSTRALIAN COMMONWEALTH:  
CANBERRA, WITH THE PARLIAMENT HOUSE IN BACKGROUND

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as viewed by the Japanese. For the moment Japan is content to protest. Presently, if Australia remains an empty land, she may alter her tune from protests to demands, either for the lifting of the ban against the migration of Japanese labour into Australia or for the cession of part of the sub-tropical Northern Territory, a possibility that will be examined in a later chapter.

The situation could be sensibly relieved by a reversion of the present migration restrictions and the organisation of a new era in the settlement of British and European families, not in a trickle of hundreds, but by the thousand. Australia might finance settlers whose labour will, in turn, enrich Australia. Finally, it should be remembered that the British people may reasonably claim a voice in the future settlement of the continent, if only in the event of action against it by a foreign Power; in that case the British people would be called upon to participate in the defence of Australia.

There are further reasons why Australia is the cornerstone of British interests in the Pacific, other than a consideration of her relations with Japan or a possible outlet for the surplus population of Great Britain. Recognised authorities declare that Australia, in common with the Pacific, is destined soon to become the new world centre. The climate, natural resources (with

the exception of China greater than those of any other Pacific country), vigorous and skilled population, fine harbours, and the financial and technical strength gained by contact with Great Britain — these support the view that Australia will play a leading part in Pacific history. Australian statesmen should lose no time in formulating and putting into vigorous operation a settlement scheme for filling up the immense blank spaces before any rush from the North Pacific sets in.

Increase in population has been so slow during recent years, that trade returns give little indication of any dramatic swing of world importance towards that part of the Pacific. In considering Australia as a coming world centre, or of the Pacific as the ultimate area of power, one must think in terms of decades or even whole generations between the beginning and end of the process. It has already commenced, although the movement is too gradual to find reflection in present statistics.

Leaving the future out of account, however, the Australian export and import figures demonstrate her importance as a member of the British Commonwealth of nations.

The figures for the last five years are as follows: \*

\* *Statesman's Year Book, 1927.* Macmillan.

	Imports	Exports
1921-22 . .	£103,066,436	£127,846,535
1922-23 . .	£131,757,835	£117,870,147
1923-24 . .	£140,618,293	£119,487,164
1924-25 . .	£157,143,296	£162,030,159
1925-26 . .	£151,445,493	£148,489,745

Speaking in London recently, Sir Granville Ryrie, High Commissioner for Australia, gave some additional information regarding the significance of this trade :

Since 1913, Australia's share of the total British exports has increased from 6.5 per cent. to 9.2 per cent. This means that Australia, which represents one three-hundredth part of the world's population, and does not import coal from Great Britain, now takes at least one-tenth of Great Britain's exports of manufactured goods to all countries.

Adding to the Australian figures the imports into New Zealand during 1925 of £52,456,407, and exports during the same year of £55,262,272, and it will be realised how large Australasia looms on the economic horizon of Europe, and especially of Britain.

Internally, as is natural in a land of great distances and undeveloped resources, Australia compares unfavourably with Japan, especially in railways, the total mileage being only 24,844 in an area far greater than that of the former country. Strategically, Australia is unprepared

to face a crisis, having grown up under the wing of a naval Power strong enough to protect her from aggression.

Australia wishes to play her part and is not content with a position of complete dependence on the mother country. This was shown with the beginning of the Royal Australian Navy in 1911. Since then it has been the Commonwealth policy to make Australia self-defending, and her navy to-day includes four cruisers, a flotilla leader, and eleven destroyers, while under the Defence Equipment Act of 1924 two further cruisers of ten thousand tons, and two ocean-going submarines were provided for. In addition an aircraft carrier of six thousand tons, to carry nine seaplanes, is under construction at Sydney.

These efforts are welcome signs of a determination to carry a portion of the burden which her existence places upon the shoulders of the Imperial Government. Even if Australia possessed the requisite finance to develop a navy of her own, and to open up the unexploited land, the move comes late, for the Washington Treaty prevents Australia from building a fleet capable of withstanding those of Japan or the United States, which share the Pacific with Great Britain.

Whatever the future holds, her paramount interests will be those of Great Britain, both in

settlement and defence. It is natural, therefore, that a lively regard for the interests of Australia and New Zealand, beyond all other British possessions in the Pacific, should colour our outlook on all matters connected with the Pacific.

The Singapore base will place us in a greatly strengthened position to guarantee the defence of Australia should the need arise. The latter, with her cities on the coast, within range of naval guns, is particularly susceptible to a surprise attack. With a British fleet mobilised in the Pacific, Australia would, in the absence of disaster affecting our sea power, be impregnable.

If mobilisation were delayed, or an enemy fleet reach Sydney only twelve hours ahead of the defending force, Australia might be forced to consider the alternatives of submitting to an armistice, or seeing her greatest cities, the result of three generations of pioneers, destroyed. One aircraft carrier, loaded with bombing planes, and protected by a flotilla of warships and submarines, could, with a few hours' start, strike a mortal blow at the commercial capital of the Commonwealth. Hence the importance of the Singapore base and a fleet of capital ships stationed in the Pacific during the vital years that are coming. Hence, also, the wisdom of Britain's method of conciliation in that area.

Britain's policy — which is also that of Australia — is one of non-aggression. We desire

only to be left at peace to develop our possessions, recognising that this task will keep us fully occupied for the next century. At the same time, the Imperial Government views Australia as considerably more than a British possession. Since the day when the United States applied the quota principle to all except certain limited numbers of emigrants, Australia has assumed a new and added importance as the cradle of a new white continent, where the British race must be predominant, but towards which all the nations of Europe will inevitably contribute their share in man power, brains, and money.

The danger of taking a short view is a constant menace to the future greatness of Australia. Japan is overcrowded — Australia is empty. Therefore, let the yellow races populate some part of the country; so runs the argument of many men who cannot be dismissed as mere agitators. But many parts of Europe are almost as overcrowded as Japan, and to these people also Australia represents the "Mecca" of their hopes. If Japanese labour is admitted on a large scale, with its lower standard of living, undercutting, long hours, and child labour, the hope of Europeans — British or foreign — of building up a new nation with a fuller life for its citizens will be stultified. Australia's opponents of migration focussed opinion upon the ideal of building up a second United States, a

nation which will probably be the last stronghold of the European races when all older white nations have fallen into decay.

But to lay the foundations there are risks to be taken, such as the continued support of the British Navy with the drain entailed upon the British taxpayer. Others, such as jealousies aroused by the slow development of the natural resources of the country, have been aggravated by the policy of those controlling this heritage.

Of the East especially is it true that when once a thing has happened, nothing is ever the same again. The awakening of China can be directly traced to the Allied policy of bringing that country into a war and urging her to expel the Germans and Austrians. By thus encouraging the withdrawal of principles and concessions enjoyed by treaty rights from Germany and Austria, the Allies raised the question of foreign treaties, jeopardised their position in China, and paved the way for her present attitude towards themselves.

Australia should profit by the lesson of our earliest dealings with the East. During the past ten years the idea that parts of Australia provide the ideal territory for expansion of the yellow race has been steadily growing, but as yet no definite move has been made to stay it by methods which have hope of success. Only by filling the territory in question with white set-

tlers, or at least initiating a policy which would materially assist in achieving that result, can the desired object be attained.

In the absence of such a policy, the defeat, with British assistance, of an Asiatic race that put the matter to the judgment of might, would not avail Australia. The yellow races do not regard defeat as final, except the forced recognition of the fact that their aim can no longer be achieved when victory is gained.

It follows, in the case of Australia, that a threat of Asiatic penetration from one direction would be the forerunner of others, each impressing more and more strongly upon the minds of the swarming millions that share in Australia's acres is necessary to their future. There is one way by which such a clash between East and West in the Pacific can be avoided. When Australia announces a policy which will largely increase its population within five years, and perhaps double it within that period, the anxiety at present abroad will be dissipated. There are no more practical races in the world than the Japanese and Chinese, and neither would sacrifice time upon achieving the impossible.

The only British factor in the Pacific remaining to be discussed is Canada — a Pacific Power, with an interest in that ocean comparable at least to that of the United States.

British policy, in regard to Canada's Pacific

coast, is not dictated by self-interest. We cannot imagine any circumstance in which Canada would be the aggressor in a quarrel. She has no vital question affecting the Far East on her hands, with the possible exception of the ban upon yellow emigration into her Pacific province, and this is overshadowed by the larger problem, for Japan, of the Exclusion Laws enforced by the United States.

Britain's policy along the Pacific slope is dictated by the close bonds of kinship uniting us with a sister nation.

Canada, with New Zealand, is destined to play a much larger part in supplying the seamen of the Pacific. Her irregular coastline, with its inlets and islands, is adapted to their evolution, just as are her whalers and merchant vessels. Canada will never become a bone of contention in the Pacific. The climate, except for the province of British Columbia, is not suited to the settlement of Asiatics. Canadian industries are developing on individual lines, and markets lie eastward in Europe rather than westward in Asia. The part which creation and history combined have fitted Canada to play, and the one most in accord with the desires of Canadians, is that of a British outpost and factory from which, in an emergency, we may derive men, ships, and munitions. Canada is the final link in an Imperial chain, unique in the modern

world, which, beginning at the Suez Canal and Aden, stretches across the Pacific via Ceylon, Singapore, British Guinea, and Hong Kong, to Vancouver.

When the swing of history to the Pacific becomes more evident, Canada will turn closer attention to the West and the new world centre. As the journey across the Atlantic and Canada is easier and quicker than via the East, the port of Vancouver will achieve new significance as a terminal point in the Far East. Canada will not be called upon to defend her stewardship of that portion of North America, for she has settled that question by opening her doors to emigrants from every nation likely to supply suitable settlers. She has done this without in any way weakening the link binding her to the Motherland — a fact that Australia presumably recognises.

Vancouver, which recently celebrated the fortieth anniversary of the arrival of the first trans-Canadian passenger train, is destined to play a large and increasing part in the development of the Pacific. Indeed, she is already doing so. Where forty years ago stood a saw-mill clearing, is now the fourth city of Canada, with a population of three hundred thousand. According to the *Times* it has increased by fifty thousand in the last six years, and will certainly be accelerated by the industrialisation of

China which is slowly taking place, for much of the trade of Canada's chief Pacific port is with the Asiatic nations.

The *Times* also states :

It is a fact of significance to Vancouver that Canada's exports to China in 1926 equalled nearly one-half of the total exports to that country during the preceding fifty years, while Japan to-day is the Dominion's third best customer. Two-thirds of Canada's imports and one-half of her exports are with countries bordering upon the Pacific Ocean. While a large proportion of this trade has been with the United States, there has also been a very rapid growth in trade with other Pacific countries, including New Zealand and Australia.

These figures demonstrate the importance of Vancouver's position as an outpost of British commerce in the Northern Pacific, and her strategic position there, with excellent railway communication linking up the rest of Canada and with the Eastern ports, while her seagoing population is fully equipped to develop trade with the Far East. It would not be too much to say that this city must inevitably play an important rôle in consolidating British interests in that region during the coming years, when its part as the rival to San Francisco will become more pronounced, and the trading facilities of even greater value to the British Empire than they are to-day.

Apart from the factors dealt with openly in this survey, no other issue in the Pacific is likely to arise for which Britain would resort to arms, or in which other nations need mistrust her motives. We believe that just as the British Empire has, by its traditions and existence, conferred benefits upon the sister nations of the Empire, so that Empire, pacific in policy and friendly towards all men, can fulfil an invaluable rôle as the disinterested guardian of international law and justice during the era of development about to dawn in the Far East. Ancient aggressors, and new nations who would ride roughshod over the rights of others, will alike find the strength of Britain in the East a handicap to their schemes. On the other hand, those wishing to complete their natural development undisturbed will find in Britain its friend.

Apart from elementary duties we must protect British lives and property wherever they may be endangered. Those who saw in the despatch of British troops to Shanghai last year a threat against Chinese nationality, had forgotten that only a few months before British cruisers were sent to Lisbon during one of the Portuguese revolutions to carry out that same duty. All nations must fulfil that obligation, even while earnestly seeking some sign of the coming of settled government able to afford that protection unaided.



VANCOUVER, CANADA'S PACIFIC PORT



IN HONG KONG HARBOUR

**ALLEGHENY COUNTY MUSEUM**

Future events in the Pacific may lead to demands for a departure from this studied attitude of neutrality towards all men. Plausible excuses for interference in the internal affairs of other nations may arise, as they have arisen in China several times during the past year. On one point, however, friends and critics alike may rest assured — British expansion in the Pacific has ceased; it did so a century ago, when the period of consolidation began. That task will engage all our energies, during the new age, which dawned when the rise of Japan heralded the awakening of Asia, and all the problems now looming up for the moment when they will compel world-wide attention.

## *CHAPTER VI: U.S.A. LOOKS WEST*

*United States and the Pacific. Panama Canal. Japan and U.S.A. Both sides of the question. The rival holdings. Possible dangers.*

IN 1849, when the eastern shores of the Pacific were filling up as the result of the gold rush to California, and Canada was steadily pushing her way towards the Pacific slope, there was opened a new era to which the miners and adventurers attracted by the gold discoveries were the contributory cause. The United States at that time devoted scant attention to her western seaboard, the ruling policy was against expansion, and it was by the accident of the Californian gold rush that American authority was thus far extended.

It is unnecessary to review in detail the rise of American interest in the Pacific, and we will therefore begin with the annexation of the Hawaiian Islands in 1898, which, despite a consistent reluctance to further commitments beyond her own borders, was impelled by a legitimate regard for trading interests, and the complete failure of the experiment in native rule. There was also the instinct of self-preservation, engendered by recent events in the Far East

and their ultimate repercussion much nearer to America.

In the same year came the war with Spain, as a result of which Guam and the Philippine Islands were acquired. By these two acts the United States assumed a clearly-cut rôle in the Pacific. The annexation of the Hawaiian Islands evoked strong disapproval in Japan, and was the subject of a diplomatic protest, but the latter was then in no position to give more concrete shape to her objections. The distance of the islands from Japan is about four thousand five hundred miles, and they are, therefore, geographically beyond her sphere, so that possibly she had herself marked them down as part of the Pacific empire of her dreams.

The next episode in the expansion of American interests came with the Russo-Japanese War in 1904-1905, from which, as already seen, Japan emerged on a level with the leading Powers of the day. Her influence in the Pacific crystallised into tangible form, and with it came an increasing domination over China. It is not difficult to analyse the causes of anxiety, for with the ascendancy of Japanese influence there American interests would be seriously jeopardised.

The United States have a peculiar regard for China, the open door has always been advocated, with equal opportunities for trade and com-

merce, as opposed to special concessions or spheres of influence, where one nation might acquire distinct advantages over another. It is recognised that China is a nation in the making, that it has accomplished a certain amount of progress, and in the legitimate aims and aspirations of the Chinese the good will of the American people is evidenced. In this studied regard for China there is something more than the purely altruistic motive. The impression has long been abroad in America that Japan aims at hegemony in the Pacific, that she has decided intentions of becoming the all-powerful empire of the East, and being sole master in that area.

The inscrutability of the Oriental mind, and the skill at concealing aims and objects until they are ready to be launched and carried through with all possible hopes of success, make it difficult to pronounce an opinion as to whether American fears are justified; neither is it easy to follow the trend of Japanese policy, nor differentiate between national interests and the desire for conquest and expansion.

The destiny of China and Japan follow almost identical lines, and, in view of what has occurred amongst other nations, it is not unreasonable for the world in general to be apprehensive of a Pan-Asiatic movement with Japan as the leading figure and hegemony as the goal in Asia.

From this time onward, America became more involved in Pacific matters, particularly in immigration from Japan to the western States. The writers were on the Pacific slope in 1900 when the anti-Japanese agitation assumed its acutest form. It arose from the fact that numbers of Japanese, by frugal living and studied methods of labour and economy, had acquired land along the coast, notably in the States of California, Oregon, and Washington. Those States became alarmed at the rate of this peaceful and, to their way of expressing it, sinister penetration, and an organised protest was made to the Senate. No drastic action was taken, but the question was revived in 1904, when the Labour Federation requested the future exclusion of Japanese from the United States. Numerous other organisations took up the cry, anti-Japanese leagues were formed, and there was a large majority for determined action. In an address presented to the House of Representatives at Washington, the following paragraph struck the dominant note in the minds of the American people:

The presence in our midst of a large body of Asiatics, the greater number of whom are armed, loyal to their Governments, entertaining feelings of distrust, if not of hostility, towards our people; owning no allegiance to our Government or our institutions, not sustaining American life in time of peace, and ever ready to respond to the cause of their

The mutability of international relations was exemplified in the immigration question, and the matter was temporarily adjusted by the conclusion of an agreement under which Japan imposes a limit on emigration from her shores to the United States. No definite settlement of this intricate and explosive problem has yet been reached; it is still the potential danger to good relations, and no considerations of expediency will admit of the Asiatic ban being removed. It is interesting to note that the Japanese are far more drastic in the exclusion of the Chinese and Koreans from Japan than is America with the Japanese, for they are debarred with a rigour outshining the American attitude.

Friction continued between the United States and Japan, and it was found advisable to amend the Anglo-Japanese treaty of alliance, an agreement in revised form being promulgated in 1911 under which neither party was under obligation to declare war against any third Power with whom a treaty of arbitration was in force. The menace of armed conflict between ourselves and the United States was thereby dissipated, but the arrangement was far from welcome in Japan.

Prior to this, another step had been taken in 1904 of all-round importance. It was the commencement of work on the Panama Canal to

link the Atlantic and Pacific and enable closer coöperation between the American fleets in both oceans.

The Americans set to work with their customary skill and energy, and where former attempts had failed to cut a way through North and South America, they triumphed, and in August, 1914, the canal was opened. Immense difficulties had been encountered and overcome; by scientific treatment a fever-stricken area had been made habitable, and settlements on twentieth-century lines came into existence along the new highway to the Pacific.

Its length is fifty miles, and the cost totalled £74,000,000, exclusive of the fortifications erected to safeguard the canal, which amounted to an additional £10,000,000. Gun positions and batteries have been constructed at either end, and special fortifications command the various locks *en route*. In addition, submarines are stationed at each entrance as part of the plan to render the canal invulnerable.

The Panama Canal altered the whole aspect of American naval strategy, and brought into being the two separate fleets — one based on the eastern coast of the Union, the other at San Francisco — whilst it proved to the world that the United States must henceforth be a powerful factor in all that concerned the Pacific and Far East.

This vital line of communication between the two separate entities of the American navy has been the subject of much discussion as to its liability to attack. It would be impracticable for Japan to do so by naval action without a base near at hand. At present a distance of over seventy-five hundred miles intervenes between the present base and objective, and the distance factor consequently controls the situation. Nevertheless, the Americans are not leaving the matter to chance, and in 1926 they carried out extensive manœuvres to test the naval and military defences of the canal. The scheme was a dual one, attacks being directed from the Atlantic as well as the Pacific side. In the latter the raiding force comprised fourteen battleships and cruisers with six destroyer divisions, assisted by aeroplanes that took off thirty miles from the objective, thus obviating interference from hostile guns in the defences. The results were adjudged to be successful, but the air force was declared to be insufficient to meet an aerial attack such as will be launched in future campaigns. To deal with the Pacific problem in its sequence, the following will be of interest as demonstrating the scope and power of the aeroplanes of to-morrow.

What of the fighting aeroplanes of the future? In the first place the main feature in aerial warfare will be its amazing swiftness. A Power that

wars with another will deliver its declaration, and whilst the fateful document is being read in the Foreign Office concerned, the attackers will be already in the air and perhaps about to open the most deadly bombardment of all time.

The bombing planes now in the making will have engines of six hundred to twelve hundred horse power, able to travel at three hundred miles per hour, and moving in the skies at an altitude of upwards of thirty-five thousand feet. They will take off more easily and quickly from the ground than is the case at present, and on leaving terra firma will climb at the rate of fifteen hundred feet in a minute, soaring upwards in a series of circles until reaching an altitude more or less safe from ground gunfire. There they manœuvre for position and to get above the enemy for the downward swoop to attack at a rate exceeding six hundred miles per hour, something that will rival even the speed of sound itself.

To reach these enormous heights, and remain there in the rarefied atmosphere, has brought about the invention of what might be termed the aerial submarine, for the fighting planes will resemble that vessel in being provided with oxygen, and entirely enclosed within the plane, as are the crew of a submarine beneath the water. Thus will the difficulties of rarefied atmosphere be overcome, while the special suit

provided for the pilot will enable him to resist the low temperature.

The bombing planes will have great carrying capacity, for a type of aerial bomb evolved in America weighs two tons, and when dropped makes a crater nearly two hundred feet in diameter. It is not, however, the large bombs that will be so much used; on the contrary, those of a smaller type are preferred, as infinitely more damage can be effected with such weapons than with the heavier kind, the effect of which is very local. Of course, with a direct hit on a building, a battleship, or any prominent target, the damage would be complete.

To cope with the height at which aeroplanes will travel, the searchlights of the future will possess great powers of penetration, and experiments are being continued to produce beams that will outdo even the present creation. The world's record in this respect is at present held by an apparatus with eight optical lenses and prisms, and which projects two rays which successively sweep the horizon every ten seconds.

It can be turned in any direction, performs a complete turn in twenty seconds, whilst illuminating the skies, or its concentrated intensity can be switched on to any given object as desired.

It is of one thousand million candle power, and in clear weather the beams can penetrate to a distance of ninety miles, whilst the light is

visible at a range of just over four hundred miles. Powerful as this is, it will probably not hold the championship for long, since efforts are on foot to eclipse it.

This particular light is established on Mont Afrique, in the neighbourhood of Dijon, at an altitude of about nineteen hundred feet above sea level. Being on one of the great airways across France, of strategic and commercial importance, it is intended to light up those routes.

The production of such lighting power must react on aeroplanes in warfare, and drive them to still greater heights, for the arc of light stretched across the skies will make it hazardous for enemy aircraft to pass over without being seen, and the only chance of partial immunity lies in ascending to an immense altitude.

The super-searchlight must cope with this. The huge night fliers, and the bombing planes of the immediate future will be practically silent, and also to some extent invisible, for camouflage is being exploited, and by the use of a special tint the aeroplane can be rendered to all intents and purposes invisible.

Thus an air fleet will be ghostlike, and to combat it experiments are being carried out, notably in America, with sound-ranging apparatus on the ground, so highly tuned that it can detect the approach of aircraft even when flying at heights exceeding thirty thousand feet.

The motive power in engines is undergoing careful research, and new forms of fuel, giving greater speed and staying power, will be utilised and so increase the range and scope of an aerial fleet.

Concurrently with the improvement in search-lights, and the efforts to counteract it, is the aeroplane controlled by wireless, all its movements being directed and its bombs released by a switch perhaps five hundred miles away. Television will still further help the radio-controlled machine, by giving it a view of its route and the point for which it is making, this being passed on to those on the ground, and so enabling them to manœuvre the aeroplane in accordance with the general plan.

In so far as aerial torpedoes are concerned, the influence of the super-searchlight will be negligible. These are so adapted that they can travel approximately three miles for every three thousand feet of altitude, so that at a height of twenty thousand feet a gliding bomb could be projected at a distance of twenty-one miles from the object at which it is aimed, this being controlled by a gyroscopic arrangement as well as by wireless.

It seems incredible, yet it is only one of the numerous mechanical devices that are already available and for which there will be ample scope in the Pacific. The aerial defences of Panama

are among the most interesting and scientific of the Pacific problem.

Since the United States are playing a leading rôle in the Pacific, we will now deal with American possessions there, and the influence they exert. The Hawaiian Islands are the halfway house between America and Japan; from them a fleet of ships or aeroplanes can cover a wide field, and so they are being adapted to meet strategic demands. Naval docks exist that can deal with all manner of repairs and outfitting, the harbour is likewise being extended, and fortifications erected in accordance with the general scheme. Pearl Harbour and Honolulu are the salient points in the islands; they are the sentinels guarding the Eastern Pacific, and the obstacle that a hostile force from the Far East would have to overcome before it was able to touch the Pacific coast of the United States; at the same time, they would be protection to Alaska, although it is unlikely that anything more than a passing raid would develop there.

The danger to America in the Hawaiian Islands is not so much an attack from outside as that which lies within the islands themselves from the presence of the one hundred fifteen thousand resident Japanese. That these numbers do not constitute a force to be seriously reckoned with is a matter of opinion; they might not be in a position to exert great and material influence,

but they could certainly cause undoubted embarrassment to the United States on the spot, and assist towards the islands passing from American control in case of war. It therefore becomes essential for the American fleet to guard against such a contingency as the capture of the islands by any surprise attack, aided by internal elements, and their safety will depend upon the size and mobility of the American fleet, and its power to determine the possession of the islands.

The recent augmentation in those waters and the demonstrative cruise of a powerful American fleet across the Pacific is evidence that the United States are fully alive to potentialities.

In the days when Japan first emerged from oblivion, and for many years subsequent thereto, the nation was purely agricultural, but with the rise to power and status that period has passed away and industrialisation is proceeding apace. Japan is no longer the self-supporting land as of old, and to supply the population — increasing at the rate of eight hundred thousand per annum — a vast sea-borne trade has grown up, the merchant marine has expanded to five million tons in steam and sailing ships, and seventy-six per cent. of Japanese foreign trade is carried in national vessels.

With a population of seventy-seven million, and a density of one hundred thirteen people to the square kilometre, it follows that there

must be congestion, since the area of arable land is less than twenty per cent., so that Japan is the most crowded of all the nations in the world. Unable to expand internally from an agricultural standpoint, the Japanese are passing to a definite stage of industrialism, but are encountering great difficulties from lack of raw materials. The country is almost devoid of those that are the mainstay of industrial life, and so recourse is had to the foreign market.

The following table indicates the extent of this dependence upon outside material, and as the nation grows the demand will increase in proportion :

<i>Article</i>	<i>Percentage Imported</i>
Cotton . . . . .	100
Wool . . . . .	100
Rubber . . . . .	100
Nickel . . . . .	100
Lead . . . . .	95
Sugar . . . . .	95
Zinc . . . . .	80
Fuel oil . . . . .	75
Chemical dyes . . . . .	75
Steel . . . . .	55
Iron . . . . .	45

It is clear that Japanese safety lies in adequate protection of the sea-borne trade, and the naval task in that direction is as onerous as our own. The sea routes from Japan to the Asiatic main-

land and Korea are the highways over which many of the imports arrive, whilst those southwards to Australia, to the Dutch East Indies, Siam, Indo-China, the Malay Peninsula, and, farther on, India, are all countries from which emanates so much that is vital to Japanese life and being. Going still farther afield, there are Europe and America upon which Japan is dependent, until other sources of supply are found, for much iron and steel, machinery, oil, nickel, and electrical appliances.

The security of all these seas must be the paramount object of the Japanese navy, and she can never afford to be weak along any line of route to lands from which she must perforce draw so much. With China, more or less under Japanese domination, and the rich valleys of the Yangtse Kiang and the fertile plains of Manchuria available, the situation is appreciably relieved, but there is still a great deal that she would have to import from elsewhere. Oil, for instance, is mainly derived from the Dutch East Indies, and is carried along a particularly vulnerable route, which, unless the navy is strong and in a position to cope with a standing menace, renders such importation impracticable. It is a problem of far greater complexity to ensure an open road from North or South America, for eight thousand miles of sea must be covered, threading a way through the islands of the

Pacific, exposed to lurking submarines which would find a ready haven in the many natural harbours dotting the coast line of those numerous groups.

Until sources of supply are developed nearer home, the situation will be one of anxiety and tension; all the latest cruisers and battleships being oil-driven, and air transport dependent in the future upon the supply of oil, the policy and strategy of Japan must, to a considerable extent, be dictated by the plentiful supply or shortage of that vital commodity.

It has been shown that the Germans played a leading part in Japanese development, and as Japan is closely watching German experiments in oil production we think it well to give here the results of investigation which have been made during the study of the immediate Pacific problem.

Owing to the rapid mechanisation of all forms of transport, and the substitution of oil for fuel, the supply of an adequate quantity to meet future demands stands out preëminently. With the mercantile marine, for example, one has only to examine the Register of Shipping to realise the motive power of British shipping and how much the use of coal has declined within the past two years. The evolution is gaining, and from the latest returns it is apparent that vessels with internal combustion engines are preferred. Of

all the World Powers, Germany is the one who is convinced that the distillation of oil from coal is the crux of the problem, and she is foremost in research.

The ablest British experts have recently given it as their considered opinion that the triumph of coal distillation will be a turning point in the destinies of the British Empire. In view, therefore, of the tactical and strategic effect upon the Pacific question, it were well to explain the significance of coal distillation, for, commercially, success in doing so is the prize for which scientists have for some years been competing. It is a scientific problem of great complexity, but can be briefly described in general terms.

In upwards of seventy per cent. of the collieries of Great Britain it is unprofitable to mine coal, since for a variety of reasons, low grade or poor coal cannot now find a profitable market. The primary reason for this change is displacement of coal by oil for use in ships and all manner of transport. A low-grade coal is one which, by reason of its size, composition, depth, or other peculiarity, cannot at the market price justify the expense of production and sale. The object can be scientifically attained by breaking it up into its constituent parts, so that each can be applied to a particular function, such as oil, gas, house and commercial fuel. This implies the saving of all valuable products which now evap-

orate in smoke, and the improvement of the residues so as to prepare them for specified purposes.

In the displacement of coal by oil in all important services, Great Britain loses its independence of foreign nations, and it seriously affects both our means of securing food supplies and transport of commodities at reasonable rates. It has also rendered the poorer class of coal mine unprofitable, although the high-grade coals, when freed from loss on the lower grade, can still find a profitable market. At the same time, the recent Coal Commission found that over seventy per cent. of our coal mines were operated at a loss.

Great Britain possesses two assets :

- (1) The best distillation coal.
- (2) The best situated coal mines as regards manufacturing centres.

Again, in view of its importance not only to the problem under discussion, but from a purely national standpoint, we may amplify this subject. Transport in the future, whether on land, at sea, or in the air, will be mechanically propelled, and recent developments in aerial navigation alone are such that the demand for oil has increased enormously. Perhaps this can be best explained by noting expert opinion which acknowledges aerial research to have progressed at such a rate that a large hostile fleet could devastate London. To meet such an attack, equally as much as one elsewhere, we require

not only superiority in numbers, speed, and efficiency, but oil in unlimited quantities, for that is the pivot on which superiority turns.

A short time since, the writer flew from London to the Southwest Coast in an aeroplane travelling at one hundred forty miles per hour. Seventy-five minutes were passed in the air, and petrol was consumed at the rate of half a gallon per minute. The huge aeroplanes of tomorrow will consume it at a still greater rate, the demand for petrol and oil running into millions of gallons daily.

At the present time we control only six per cent. of the world's oilfields, less than half that amount being within the British Empire. The transport of foreign oil in time of war will obviously present difficulties, whilst the ships carrying it not only themselves need oil, but are open to attack from enemy destroyer and submarine. Moreover, seventy-five per cent. of shipping now under construction in our dockyards will burn oil.

The extent to which fleets will be dependent upon oil in the future is engaging the serious attention of the nations with whom we are concerned in the present book. As already remarked, however, it is Germany who first assumed the lead a few years back, and, ever watchful in matters industrial and economic, now devotes detailed attention to the distilla-

tion of all carbonaceous material. Germany, apart from her admitted ambition to resume her place amongst the nations in a greater and more pronounced degree than of old, is convinced that the extraction of oil from coal is the crux of the problem in the economic reconstruction of Europe. Firm in that conviction she carried out in 1925 exhaustive tests of every known process of distillation in Europe and America, even going as far afield as Japan, where the matter is receiving consideration from its strategic aspect in the Far Eastern and Pacific tangle.

The investigations by leading German research chemists in this country are of paramount interest, for they reveal the gratifying fact that after extensive enquiry it was declared that the process of distillation evolved in Great Britain is the best, although it is not the first occasion on which we have gone one better.

For us the position is favourable, for we possess ample coal supplies, from which motor spirit can be obtained by distillation, in addition to oils, domestic gas, power gas, coke, dyes, articles of medicinal value, and fertilisers that would enable land hitherto regarded as unproductive to be placed under cultivation.

Coal will no longer have to compete with coal, but will be free to enter new markets, and as powdered fuel is rapidly coming into favour, it is feasible to utilise the semi-coke from dis-

tillation for that purpose; it is safe to handle, coal on the other hand being highly dangerous.

Further, it can be pumped like oil and stored with perfect safety, the cost of production being approximately one third that of oil, with equivalent efficiency. But that is not all, for the residual fuel can be briquetted, and, being smokeless, would compete successfully with anthracite and the domestic coal market.

The Germans are intensely interested in, and strongly support, the question of powdered fuel and its utilisation after the removal of volatile matters. A few figures demonstrating what we could do in oil extraction, and so assist towards naval and aerial supremacy in any theatre, will be of interest, for the ordinary British black coal is superior in heating and other values to the German product. We quote the Germans, since all the nations directly concerning us are, in actual fact, looking on with growing interest at their ceaseless experiments, whilst at the same time conducting their own.

In 1925 the Germans took from their brown coal areas two million tons for distillation, from which they produced forty-six million gallons of oil, and as they will raise under present plans several million tons from the brown coal districts alone, the production of oil will attain a colossal figure. That is the aim of the German plan — to render themselves entirely independent of

foreign oil. Indeed, Germany is already obtaining the greater part of her domestic oil within her own limits, as well as power, gas, and food, and will soon be in a position to largely dispense with foreign supplies in so far as these commodities are concerned.

The crux of the question, apart from its strategic aspect, as the writer envisaged it from exceptional opportunities afforded, is that in the distillation of oil from coal there is available to us a new and basic industry, an opening to absorb numerous unemployed, and the reopening of dormant collieries. Fresh areas could be exploited, as it would be essential to increase the coal output by a further sixty thousand to seventy thousand tons per annum to enable oils to be extracted for the purpose of displacing the foreign article. Moreover, it will be seen that as over seventy per cent. of ships now building are to burn oil, the demand increases in proportion, to the further detriment of coal.

There are still more advantages to reap. As in Germany, huge quantities of sulphate of ammonia could be produced, the nitrogenous fertiliser thus obtained enabling barren areas to be made productive and every square inch of land to yield its quota.

The average quality of German brown coal contains fifty-two per cent. of moisture, and the heating value is, therefore, from one third to one

half that of the ordinary British black coal. The distilled residue, or coke, on the other hand, has almost the same heating value, this residue, as also the raw brown coal that may be unsuitable for oil production, being utilised in the super-power stations for generation of electricity and other industrial purposes. For example, Berlin is now supplied with electrical power from stations located in brown coal districts, one hundred twenty-five miles distant, where electricity is generated partly from the raw and partly from carbonised residue.

The importance of this gas and electrical distribution system, in conjunction with the present organisation, will be evident when it is said that the Germans are decentralising the population by the provision in urban districts of amenities enjoyed by the towns and at the same time provide work by still further developing agriculture.

Many parts of Germany, notably those within one hundred thirty miles of Berlin, are at present of slight value from a productive capacity, and consequently unable to support crops without intensive artificial fertilising. To overcome this, huge quantities of sulphate of ammonia are being produced, the resultant fertiliser enabling large areas to be put under cultivation.

By these new plans Germany is obtaining the greater part of her supplies, and the energy displayed has had repercussions not only in Europe

but in Japan, where there is ever regard for the latest improvements that go towards making a nation powerful from an industrial, political, and strategical standpoint. There, as much as anywhere, the illimitable possibilities of the discovery are appreciated, and steps are already being taken to ensure full benefit from it.

## **CHAPTER VII: THE RIDDLE OF THE ISLANDS**

*The Pacific Islands. Those held by Japan. United States possessions. Japanese migration towards Australia. Trade items.*

WE will now give a description of the various islands of the Pacific that have either directly or indirectly a bearing upon the matter in hand. Taking them alphabetically, we will deal first with the Caroline Islands in the North Pacific, formerly German possessions, but now administered by Japan under mandate granted by the League of Nations. They number over six hundred, and present many curious features. The inhabitants are a mixed population of approximately thirty-five thousand, of whom about twenty per cent. are Japanese, this being one of the colonisation grounds that lends itself to slight expansion.

The Caroline Islands were discovered by early Portuguese voyagers of the sixteenth century, to whom we owe so much in that direction, and were later on added to the Spanish empire. Little colonisation or improvement was initiated by the Spanish, and finally, in 1889, Germany acquired them by purchase, continuing to hold

them until they passed under Japanese control as above.

The principal island in the group is Yap, well-watered and fertile, and with a climate peculiarly adapted to the Japanese constitution. The islands generally also possess archæological interest from the immense images and ruins, whose origin is still undetermined, and for which we must go back into the mists of antiquity. There are areas covered with these ruins on a stupendous scale — and in accordance with architectural plans indicating a high standard of intelligence — carried out by a race of people with the requisite machinery for moving and placing in given positions masses of rock and stone cut and prepared, of a size surpassing those of the Pyramids, and that were moved both by sea and land. These gigantic works compel the admiration of the West, and prove beyond all doubt that the race responsible for them must have attained a remarkable standard in constructive ability, and have been directed by a highly-organised form of Government with power of command and initiative, but the object for which they were put in hand still awaits discovery.

The island of Yap is important as a prominent cable station, and in 1921 an agreement was concluded between the United States and Japan under which the former acquiesced in Japanese

occupation, in accordance with the mandate, Japan to grant all facilities for the operation of the American telegraph station, which may be characterised as a cable junction of first-class importance. Indeed, so vital is this nerve centre in the international cable world that during the peace negotiations after the Great War, Yap was a word to conjure with, and much controversy centered around it until the matter was adjusted by the above agreement.

As difficulties may arise, not only in the administration of the mandate but in the destiny of this dominant position, it were well to give the terms of the agreement in view of such potentialities.

The pact is dated December, 1921, and runs as follows:

It is agreed that the United States shall have free access to Yap on a footing of entire equality with Japan or any other nation, in all that relates to the landing and operation of the existing Yap-Guam cable, or any cable hereinafter laid by the United States or her nationals.

It is agreed that the United States nationals shall be accorded the same rights and privileges with respect to the radio-telegraphic service as in the case of cables, provided that so long as Japan maintains on Yap an adequate wireless station coöperating effectively with the cables and other radio stations, ships, and shore, without discriminating exactions

or preferences, the exercise of the right to establish radio stations by the United States shall be suspended.

It is also agreed that the United States shall have the following rights and privileges: Exemptions from residence without restriction to her rights to an undisturbed enjoyment of a footing of entire equality in all property interests, no permit or license to be required, each country to be free to operate both ends of the cables, no cable censorship, free entrance and exit by persons to their property, no taxes and no charges, and no discriminatory police regulations. Japan to use her power of expropriation to secure to the United States needed property and facilities.

The United States consents to the administration by Japan of the mandated islands north of the Equator, subject to the above provisions with respect to Yap, also subject to the following conditions: The United States to have the benefit of engagements which Japan has set forth in the mandate, particularly in Articles 3 and 4, prohibiting slave trade, forced labour, the supply of liquor, military training of the natives, establishing military bases, and controlling traffic in arms and ammunition.

Respecting missionaries, it is agreed that Japan shall ensure complete freedom of conscience, and a free exercise of all forms of worship consonant with public order and morality. The missionaries are to be free to enter, travel, reside, acquire property, erect religious buildings, and open schools.

Apart from its cable importance, Yap is a vital link in the chain of communication between

Northern Australia, the Dutch East Indies, British New Guinea, the Philippines, China, and Japan, whilst it is eminently suitable as a base for submarines and destroyers operating in that area, and would consequently endanger the lines of communication leading from and to it.

The Ellice Islands, belonging to Great Britain, were annexed in 1892, and are of importance as containing Fanning Island cable station, on the route of the All Red cable running from there to Vancouver Island, the longest stretch in the world.

We now come to Guam, in the Marianne or Ladrone Islands, that became United States property after the war with Spain in 1898. The rest of these islands were originally sold by Spain to Germany, and since the war have been administered by Japan under mandate as in the case of the Carolines. Guam is not only the largest of the group, but possesses great strategic value. Styled the Key to the Pacific, it has an area of two hundred and twenty-five square miles, its distance from Manila, the chief port in the Philippines, being fifteen hundred miles, and five thousand miles from San Francisco.

So important is Guam in Pacific naval strategy, that it would be a matter of difficulty for a hostile fleet to threaten the Philippines if the island were adequately fortified and put on a



GOVERNMENT HOUSE AT GUAM, A VITAL POSSESSION OF THE  
UNITED STATES IN THE PACIFIC



PHILIPPINE ISLANDS: IN MANILA HARBOUR

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footing commensurate with its value. This is admitted by the Japanese, who recognise that its possession would be an asset to them; the principal harbour of Apra lends itself to extensive improvement and expansion by dredging, and, generally speaking, its situation in the Pacific and the influence exerted in the strategical field make it comparable to that of Malta in the Mediterranean. When the United States first took over Guam, nothing was done to improve it from a naval and strategic aspect, but recently, owing to the definite transfer of naval power from West to East, they have taken the matter in hand, and Guam may become a naval base of standing.

With Guam as its base a powerful American fleet might guarantee the safety of the Philippines, and the recent decision of the United States to put the island in a state of defence and develop its strategic side gives rise to questions of deep import. Recognising its influence, and that it lies along part of their communications with lands to which they must have access, the Japanese declare that should America fortify Guam, they will be compelled to follow suit with regard to Yap, which, under the existing mandate, they are not entitled to do. There is, however, little doubt that in the event of war the clause would be disregarded, since, apart from other considerations, it would be essential

for them to do so in order to preserve the balance of power in the Pacific.

On the other hand, a glance at the map will show the disadvantages to which Guam is exposed. There are sixteen other islands in the group, forming a cordon round it, most of them with good harbours and offering the requisite facilities for submarines and destroyer craft. It is, therefore, an open question whether Guam might not be so heavily exposed to extinction by the other fortified points in its vicinity as to render its value null and void. We may expect some interesting developments in its history within the next year or so as a result of the new policy centering around it.

The Hawaiian Islands came under the American flag in 1898, and two years later were accorded territorial government. They are of unusual interest to us, for it was Captain Cook who discovered them in 1778, naming them the Sandwich Islands after Lord Sandwich. In after years the famous navigator met his end there, being murdered by the natives on the island of Hawaii, the largest of the group. The islands are eight in number, the capital and centre being Honolulu, distant two thousand miles from San Francisco, the base of the American Pacific fleet, and approximately four thousand from Sydney in New South Wales.

The importance of Hawaii, and especially

Honolulu, cannot be gainsaid; it is a strategic position of great value, all the main Trans-Pacific steamship lines call there, and the Americans are seeing to it that this prominent outpost of empire shall not lack adequate protection. The naval and military garrison now numbers upwards of twenty thousand men, harbour accommodation is being developed, and as a base for a powerful striking force it is the best in the Pacific.

There is a picturesque side to the Hawaiian Islands, in that it has the largest volcano in the world, Mauna Loa, two hundred twenty-five miles from Honolulu on an adjacent island. This world's chimney was in violent eruption in 1926, and gigantic columns of fiery lava, smoke, steam, and gas, poured out of the crater, which is fifteen miles in circumference at the top, and two and a half miles wide. The vast cauldron lying beneath this cosmic chimney contains masses of molten matter of an estimated depth of twenty miles, and none can even vaguely guess its width and capacity at that level. It is unlikely that Mauna Loa, despite its size, would seriously endanger Honolulu, although in former eruptions particles of lava have fallen at a distance of sixteen hundred miles. Mauna Loa is the most aggressive of volcanoes, for it is always in a state of activity, and its cauldron emits a constant stream of lava, interspersed with smoke

and flame, the general feeling of awe being increased by continual roaring of the furnaces below. It is impossible to describe a scene that embraces a flood of burning matter, covering thirty square miles in extent, and the volcano excites deep superstition and terror amongst the islanders.

Next we come to the Marshall Islands, part of the mandated group allotted to Japan, and formerly under German jurisdiction. They are not adapted for colonisation purposes, being atolls of small extent, and low-lying with an average height of nine feet. Nevertheless, they are fertile, and produce coconuts, breadfruit, bananas, and arrowroot in large quantities.

In the early days of Pacific trading, these islands were a centre for whaling ships, being on the direct route between the whale fisheries in the China Sea and Australia.

The Marshall Islands are geographically interesting as they constitute the finest example of atoll and coral formations in the ocean, many of these lagoons being circular with no openings in the reefs, and the tide rising and falling through the coral walks. Kwatelene, the largest coral lagoon in the world, covers a hundred miles, whilst that of Jaluit on a neighbouring island is thirty miles long and some fifteen miles wide, with openings through which ships can pass and find safe and ample anchorage. It

therefore follows that the islands are of value as submarine and naval bases generally, especially for smaller craft distinguished for their speed and adaptability to restricted harbour conditions.

On the line of communication between Hawaii and Guam is Midway Island, an important cable station, owned by the United States, and formed by a coral reef eighteen miles in circumference. Although the reef has a natural gateway, only vessels drawing up to eighteen feet of water can pass it, and a considerable expenditure would be necessary to fit the island as a base. Curiously enough, the Japanese were the first, and practically the only people, to visit Midway in the days prior to American occupation, which they did for the purpose of feather hunting, the island birds being a source of revenue therein, but the advent of the United States put an end to the destruction.

Amongst those administered by the Australian Commonwealth is Norfolk Island, a tiny outpost in the Southern Pacific, nine hundred miles from Sidney, and four hundred from New Zealand. It is only fifteen square miles in extent, but since the famous Captain Cook discovered it, the island has been a striking example in development. It began as a convict settlement and, after many vicissitudes, now enjoys prosperity.

From a climatic and picturesque standpoint, Norfolk Island is ideal, its temperature is of the

mildest, and in time it may become an Australian health resort, but lack of harbour accommodation is the drawback, not only from a commercial but primarily from a strategical aspect.

Another of the territories administered by the Commonwealth is Papua, or British New Guinea, with an area of ninety thousand square miles and a population of well over two hundred thousand, of which, however, the European quota is only twelve hundred. The climate is adapted to the European constitution, the island has varied possibilities, and the Japanese regard it as one of the most favoured lands for colonisation purposes. Practically every variety of agricultural produce can be raised there.

No survey of the Pacific islands would be complete without a description of Pitcairn, an islet two square miles in extent, off the Australian coast, and immortalised by the mutineers of the *Bounty* in 1790. The glamour of romance hangs over Pitcairn Island, for not only was it the refuge to which the mutineers sailed when they took charge, but huge monuments of stone, implements of warfare, and figures similar to those of the Caroline Islands, have been discovered, giving evidence of a race of skill and vigour that existed in bygone days.

The voyage of the *Bounty* opened in 1787 and was made with the object of collecting botanical specimens. Discontent became manifest on

board and the crew mutinied, putting the commander, Lieutenant Bligh, and some of the others in an open boat which was then cast adrift. It disappeared in the immensity of blue ocean and for long no trace of their fate was forthcoming. Finally, after a voyage full of romance and peril, they reached Java, and eventually England.

The mutineers, alarmed at the prospect of capture and short shrift, left the scene in all haste, and running the ship ashore on Pitcairn Island set fire to her. For just on twenty years the fate of the *Bounty* and its mutineer complement remained wrapped in mystery, when the search was rewarded by discovery of the only remaining rebel on the island. For generations the islanders were beyond the outside world, until the opening of the Panama Canal brought into being a new trade route that takes in their settlement.

The Samoa or Navigator Islands are in two groups, those administered by New Zealand under mandate, and the eastern section owned by the United States. Situated twenty-five hundred miles from Sydney, and sixteen hundred from Auckland in New Zealand, they owe their origin to volcanic action and coral growth. The American group is the only holding they have in the Southern Pacific, the nearest to it in point of importance being Hawaii, distant

two thousand miles, but they possess the finest of the Samoan harbours in Pagopago, a port of call as well as a naval base. It has excellent anchorage in a land-locked harbour, and vessels can enter with safety during either day or night. The best harbour in the southern seas it is a first-class base for a fleet operating in those waters.

So much for the various islands of the Pacific. Since we are mainly concerned with the political and strategical aspects we will but briefly state that in addition to the trade carried on direct from the British Islands with the Pacific, the following figures show import and export commerce between Australia and the latter.

Total import of produce of the Pacific islands, £1,548,163, of which the main items are copra, phosphates, rock sugar, molasses, hides, and guano.

Total exports to the Pacific islands, £1,668,-983, covering a wide range of commodities, the principal ones being foodstuffs of vegetable origin, clothing, textiles, coal, machinery, and tobacco.

The Hawaiian Islands absorb more than eighty per cent. of the total export and import trade of the Pacific, and for them and our own islands the figures show a steady increase, and with an enhanced population in the most favourable centres and those adapted to all-round settlement, they will continue to augment.

It will be asked to what extent the Pacific trade and the possibilities of the lands lying within its compass have drawn Japanese attention, with special regard to Australia. It is a subject discussed elsewhere in this volume, but in addition we may say that with regard to immigration various measures have been adopted by the Commonwealth to promote the influx of suitable settlers, but until recently they were restricted to advertising the resources and advantages awaiting the emigrant, this being done through the medium of exhibitions and that of handbooks and the press.

Respecting this immigration, the States had for some years prior to federation imposed certain restrictions upon the admission of persons desirous of becoming permanent residents. The influx of Asiatics was limited by statutes, and later on general acts were passed in some of the States, which widened the scope of restriction. This has developed into a white Australia policy that is above politics, does not enter into the political field, nor put the subject of supremacy into the political platform, but is a recognised canon in the Australian creed accepted as beyond conflict.

We know that the ban on immigration was put up for discussion by the Japanese delegates at the Peace Conference of Versailles, their contention being that to draw a distinction between

any race of whatsoever colour was contrary to the spirit and teaching of the Covenant of the League of Nations. When the allotment of mandates over the various islands of the Pacific was being made, the question was again brought forward, and temporarily adjusted to Australian satisfaction, but the Japanese reserved the right to raise the matter on a future occasion should they deem it necessary.

This question of coloured immigration was one of the reasons why the Commonwealth was brought into being, the federation enabling them to deal with the menace as a united body, instead of the spasmodic and divided efforts obtaining when the States were acting independently. The influx of Chinese initiated the legislation, for in the early days, when the gold discoveries in Australia were the talk of the world, immigrants from the Chinese Empire began to pour in to such an extent that it was feared the southern parts of the continent would soon be overrun. The climax was reached in 1896, when the British Government, having regard to the international character of the ban, took the matter up with the Australian States, and as a result of diplomatic representations the dictation test was brought in under which no person was eligible for admission unless competent to write out fifty words in a prescribed language, the ruling authority at the port being given wide

latitude and all peoples and languages placed on a footing of equality.

This had already been adopted in Natal, and met with the approval of the Japanese Government, who were the most directly concerned in the new measure, and it obviated irritation and ill-feeling amongst Asiatic races. At the same time the Home Government expressed its agreement with the sentiments of the States involved, and upheld the determination of the Australians who are in close proximity to vast numbers of Asiatics that there shall be no influx of people who are alien in religion, in customs, and in economic outlook, that would be highly detrimental to the existing rights of the working population.

Australian democracy is based upon a high wage and living standard, with equality in citizenship, not only in law but in fact. The desire is to maintain a high standard of living, and not to endanger the national existence by exposing it to poverty and depress it below the average. The political side is apparent in this Asiatic immigration, for should there be no limit the numbers must grow, political franchise would have to be granted; if this were withheld trouble would eventuate through irritation at being so handicapped, and their own Government would intervene on their behalf and so initiate hostilities.

Whether it is possible to colonise the whole of Australia without recourse to Asiatic nations is a matter for discussion, more especially concerning the northern parts lying within the tropics. The problem of increasing the European population is one of considerable difficulty, and its solution will depend upon the economic development of the country ; past experience shows that the task of developing its resources will involve large expenditure.

South Australia introduced two hundred Chinese some forty years ago to aid in the promotion of agriculture, while the gold rushes resulted in many others entering on their own account. However, the number has decreased, and there are now not more than one thousand in that State. Owing to the comparatively isolated position of the north, no development on any ambitious scale has been feasible, but the Commonwealth is considering a programme of railway development, and the placing under control of a Commission of a large part of the northern area that cannot be properly represented in the Central Parliament. This does not imply an increase of population, for, as the writer knows from personal experience, a considerable portion of it is arid land, lacking water, and with large stretches of sandstone ridges that are the reverse of fertile.

We will now examine the mineral resources

of the Far East as the greatest prize to be gained in the struggle for commercial supremacy, and see to what extent they contribute to the world's total. These resources are necessarily the main factor in building up the Far East to a position comparable with that of Britain or the United States. We know that the future has in it the elements of highly industrialised Western countries, where evolution rests on a basis of coal, iron, and similar products, the first requisites of modern industrial existence. Extensive observation on the part of the writer in the Far East has shown to what a small extent, in comparison with their potential output, the minerals contribute to the world supply — for instance, six per cent. of coal, two per cent. of iron ore, one per cent. of copper, and four per cent. of oil. Against these we have the lands in or adjacent to the North Atlantic with over ninety per cent. of those articles, but they are in an advanced stage of development, with the best machinery and energy known to science. The comparison is therefore of interest only by contrast, and bears no relation to what the output will be when the industrial machine opens out in the Far East, when it will be proved how great can be the strides where there is ample material to be extracted, and the means to do so are practically unlimited.

No definite estimate has been made of the

potential coal resources of China. Some authorities incline to the belief that they amount to one fifth of the world's supply, which may well be so since in the west immense seams are known to exist, although unworkable in bulk owing to the great distances separating them from lines of rail or waterways by which they could be transported.

With regard to iron ore, considerable quantities are found along the Yangtse River and in the area lying northwest of Peking. For reasons similar to those above, the iron cannot be worked in prevalent conditions owing to its inferior grade, the distance from road or waterways, and until the latter are established it will not be a commercial asset worth consideration. There is no doubt that there are large undiscovered areas of iron ore in China; particularly from what the writer has seen in the west, the resources in this respect will be added to by further exploration.

Iron and coal are the two principal products in which Japan is deficient, that available marking a low grade. The lack of them accounts for the interest displayed by the Japanese in the rich deposits on the Asiatic mainland. So serious is this shortage in coal that a proposal is afoot to electrify the works and factories, but although this may defer the evil day it cannot altogether avert it. A certain amount is derived

from the island of Sakhalin in the north, half of which territory was allotted to the Japanese after the war with Russia, but the harbours are ice-bound for several months in the year, there is no proper accommodation for ships, nor facilities for extending export, and under the adverse climatic and other conditions it is doubtful if they would repay the cost of exploitation on a large scale.

A mineral prize is found in the Dutch East Indies, where the iron ore deposits are rich and varied, more especially in Borneo and the Celebes Islands. There we have an immense reserve along good lines of communication, so that the largest output can be easily handled. The Dutch possessions are a further attraction, in that they produce three per cent. of the world's oil supply, with extensive openings for further development. With increased production it might rank as a dominant source, supplying not only foreign but local needs, and a prime factor where mobility and action will be dependent upon the oil available and the means to transport it to the scene of action.

Regarding the undiscovered resources of the Far East and the Pacific, there are geological indications that these exist, and much development can be looked forward to. Generally speaking, the Far East is prolific in minerals requisite for industrial expansion, although their

grade and relative characteristics may vary in different areas. Before, however, any exploitation can take place on a scale commensurate with the deposits known to exist, foreign capital will have to come in, and the absence of this under present conditions, from which there seems to be no possibility of a change in the near future, will retain the monopoly in the West.

Again the human factor enters into the question; nature has distributed the raw materials of the world which have been opened up and developed under scientific auspices amongst the nations of the West, where the ability to profit by, and bring them to an advanced state of utility, coupled with organising skill and farsighted initiative, is on a higher level than elsewhere. Civilisation, and conditions peculiar to this part of the world have favoured us, but with the exception of Japan, who, as we have seen, displays ability therein at least equal to that of any other nation; there is no likelihood of the human qualities asserting themselves to such an extent as to surpass the phenomenal progress of the West in all that pertains to industrial enterprise.

## *CHAPTER VIII: TRADE SWINGS TO THE EAST*

*Pacific as arena. Trade and the Far East. Asia as a new Europe. Industrialism in the East. Australia as centre of new empire. Some interesting figures.*

IN the preceding chapters we have marshalled the evidence proving that, while over most of the world development is complete or nearly so, in the Far East large-scale events are subject to time.

Wherever the waters of the Pacific Ocean flow, from Singapore to Panama, and from Behring Straits to the southernmost point of New Zealand, there is the stage upon which must be enacted events to decide the destiny of the region now becoming the new world centre. The latter, as Europe declines and the United States slows up her progress, will inevitably play a steadily more important part in the future of the human race.

The four nations upon whom history has laid the onus of forging new conditions, irrespective of their own views, are Britain, the United States, Japan, and the slowly awakening Republic of China. Russia may be ruled out as a Pacific factor in the near future. France has

few possessions likely to provoke rivalry, and is engaged in more pressing matters nearer home. For the four nations indicated, each possessing vast interests in the Pacific, the events leading to a more durable grouping of influence in the Far East will be all-important.

Sea power, fortified posts, vacant territories, even crowded populations, do not make a world centre; otherwise Europe would not now be listening to historians prophesying her decline and the transfer of power to the East. In the modern universe, world power is measured in terms of raw materials, factories, labour, and ships — in other words, by latent wealth.

In Europe labour is expensive, and raw materials a diminishing quantity. In the Far East it is cheap, while raw materials are abundant and unexploited. The home market of the Pacific — the populations within easy reach of her shores — is the largest aggregation of consumers ever centralised in one region of the earth's surface.

Sixty years ago the world's entire trade with Japan would have been insufficient to provide an outlet for the funds of a single British bank. In 1926 Japan's imports totalled £234,500,000, and her exports £201,600,000, sufficient indication of what the Westernisation of this small group of islands has meant to the world in terms of trade.

Turning to China, let us appraise the latent

trading possibilities of this land where live a quarter of the human race. The majority of Chinese still support their families upon the equivalent of threepence a day. Bring their standard of living up to that of even Russia, and every factory in Europe would be working overtime for years to cope with incoming orders. Give the Chinese the purchasing power of the Belgians or the French, and the nations which win the leading places in the new world centre will know wealth beside which the gold of the Spanish Main, or the treasures of the Indies, will be but a day's takings.

There are indications that China may eventually follow in the footsteps of Japan and become a power. Slowly but surely education will produce leaders, teachers, and business men, who will have learnt to put country before self, and to serve their homeland with a public spirit which is as yet unknown. The development of China will not, however, mean a golden age for Europe or America. The Far East will purchase goods from Britain or elsewhere, just as Japan once bought warships from Belfast — until it can learn to make them for itself. The expanding trade of the Pacific will be satisfied not by Lancashire, or London, but by Kobé, Canton, Sydney, and San Francisco.

There will obviously be an interim period in this world development, during which trade with

the Far East will improve. The signs point to a new boom which may rejoice the hearts of European manufacturers for another generation. But it will be for the last time. The urge which caused Japan to secure raw materials in China and build her own ships, which raised cotton mills at Shanghai and reduced orders for Lancashire, will compel those in the watch tower of trade in every land to realise that as the new world centre in the Pacific develops, so will its capacity for satisfying its own needs be increased.

This policy of "Pacific trade for the Pacific" is already embarrassing the nations of the old world. The populations of Europe are still increasing, but the world trade by which they live is in most cases diminishing. While complete figures are not obtainable, such trade facts as are to hand reveal the extent of economic progress in the Far East.

Taking Australia first, statistics show that, despite prolonged and world-wide trade depression of the past six years, with a pronounced fall in the level of prices, both imports and exports have rapidly increased :

	<i>Imports</i>	<i>Exports</i>
1921-1922 . . .	£103,066,436	£127,846,535
1922-1923 . . .	£131,757,835	£117,870,147
1923-1924 . . .	£140,618,293	£119,487,164
1924-1925 . . .	£157,143,296	£162,030,159
1925-1926 . . .	£151,445,493	£148,489,745

During the years 1923-1924 and 1924-1925, the number of vessels entering Australian harbours increased from 3,122 to 3,449, and the tonnage by over 1,300,000.

A portion of this growing trade is accounted for by the slow increase in population, and by expansion of exports to Europe. Coincident with the trade in wool, meat, and other mass products, Australia is developing an export trade in manufactured goods. Her efforts to become self-supporting in regard to goods formerly taken from Great Britain have passed almost without comment in this country, but a study of the working of Imperial Preference proves how Australian factories and tariffs have hit the British exporter. Those who doubt the ability of the Pacific to compete with skilled European industries need only visit Northampton and discuss recent developments with boot manufacturers interested in the Australian trade.

In New Zealand there is the same tendency producing similar results. Between 1921 and 1925 exports rose by £11,000,000 and imports by nearly as high a figure.

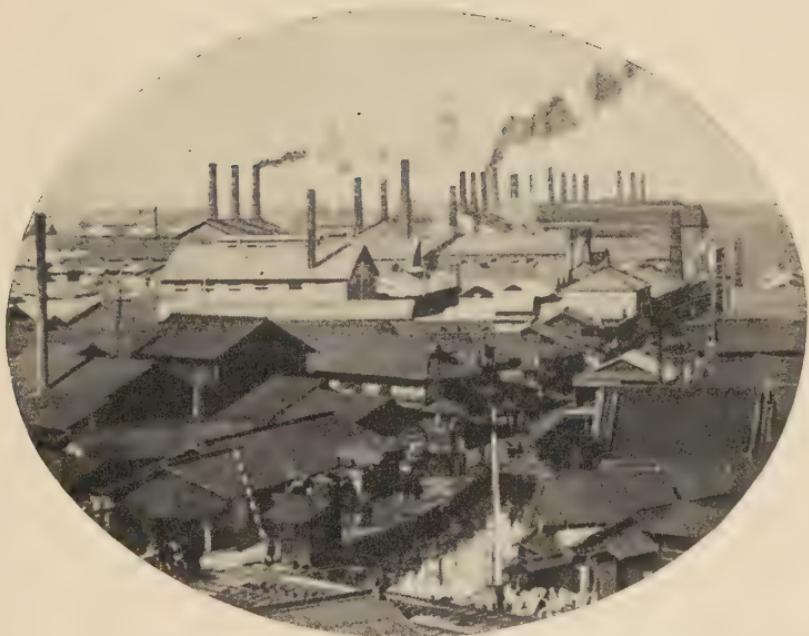
For the most remarkable evidence of industrialisation of the Far East and the Pacific we must turn to Japan. Here we encounter progress which far exceeds anything yet achieved in China, but progress which China may one day

Figures, when they reach hundreds of millions, cease to possess significance, yet the statistics marking the progress of Japan during years when Europe, and to a lesser extent America, were fighting to hold their own, emphasise the strides taken towards an industrialised Asia while we have been immersed in problems nearer home.

The following are Japanese imports and exports for five recent years; they are the latest figures available and cover a period of depression in Europe and expansion in the Pacific.

	<i>Imports</i>	<i>Exports</i>
1922 . .	£189,030,823	£163,745,181
1923 . .	£198,223,057	£144,775,072
1924 . .	£245,340,225	£180,703,483
1925 . .	£257,265,300	£230,558,700
1926 . .	£234,500,000	£201,600,000

The decline in the 1926 figures is due to the anti-Japanese boycott in China during part of that year. Yet, despite this agitation, the 1926 figures show a distinct advance on 1923. A study of the main currents of this expanding trade suggests that in 1915, when the Twenty-One Demands were presented to China, Japan committed the same error as Germany in 1914. She placed a barrier in China against her own



JAPAN PASSES FROM THE AGRICULTURAL TO THE  
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trade expansion which the nations of Europe combined could not have erected themselves. By that act, as already stated, she forfeited the confidence of the Chinese and put back the clock of industrial coöperation between the two nations for a generation or more. To-day stern necessity postulates that a certain volume of trade shall continue between them, but the friendly atmosphere in which it might prosper is wanting. China is antagonistic, Japan content, for the moment, to keep a tight hold of what she possesses in China, and to await an opportunity, either to extend that hold upon the raw material, or promote a more friendly spirit.

Further explanation is necessary in considering these remarkable trade figures. *Prima facie*, Japan is still importing more than she exports, and is thus in much the same position as Great Britain, which has now an adverse trade balance. Actually, the real interpretation of the trading figures of Britain, as compared with those of Japan, brings the enquirer to an exactly opposite conclusion.

Great Britain's imports are mainly of food-stuffs for her dense industrial population. She must pay for them (1) by exporting manufactured goods in exchange or (2) by exporting capital and thus growing steadily poorer. No other alternative is available.

In the case of Japan, her imports consist

largely of raw materials drawn from other countries to keep her factories working and her people employed. These are converted into manufactured goods, utilised for improvements in the homeland, or exported in open competition with the world.

To complete modernisation of the land, Japan has hitherto retained within her shores a greater proportion of her imports than other countries. The process is nearing completion, and it is probable that in the future we shall see the Japanese export figures rising far in excess of imports.

Will Japan, which arrived so late upon the international scene, be able to find an outlet for the energies of her dense population? If she cannot expand, then no other Asiatic or Pacific nation can do so, and the world centre will remain poised between London and New York. Japan is the lynchpin holding together the diverse elements that seem destined to create a new centre of gravity in which not nations, but generations, will come and go before the final map of a self-supporting Asia can be traced.

More than exports and imports is, however, required before a nation or region can justly claim the succession to the economic leadership of the world. Imposing as statistics such as the above may be, it can be argued that this growing trade is but the natural sequel to the original

policy of those who set out to exploit the Pacific, which was to reserve for their own use this store-house of the natural riches of the earth, and carry its raw materials to the factories of Europe and America, rather than fashion it into manufactured goods on the spot.

This view of the Far East as treasure trove, designed by Nature as a gift to Western manufacturers, was early challenged by Japan, and is to-day so obviously beyond the reach of practical politics that none who has visited the Pacific countries would hold out any hope of its realisation.

The Pacific, as an annex of Western nations, means that the industrialisation of the Far East must be indefinitely delayed, if not prevented altogether. On the other hand, the rival policy, pursued since 1868 by Japan and more recently by certain groups in China, aims at keeping the natural resources of the Pacific to be converted into manufactured goods by local factories owned and staffed by Asiatics.

From a perusal of the facts we can divine which of these diametrically opposed policies is making headway in the Far East.

The factor impressing itself upon the visitor to the Pacific is that the three leading nations able to challenge the domination of European capitalism are definitely committed to the Asiatic policy. Japan, China, and, for very different

reasons, Australia, are all erecting factories and developing industries at a speed which leaves Europe far behind.

It is natural, in view of their dense populations and nationalistic aspirations, that the process should have gone further in Japan and China than in the Commonwealth, but in passing it may be mentioned that the new Australian tariff of 1927 has for its primary aim the encouragement, by taxation, of manufacturers to commence production in Australia, rather than import European goods. It may be the intention of Australian tariff promoters to secure for Australian, and therefore British, factories trade formerly held by foreigners. The effect of this policy is similar to that of Japan — the supplying of the Pacific consumer with goods manufactured locally without the aid of Europe. In taking steps to hasten the process of industrialisation, Australia is not assisting the home manufacturer, but strengthening British interests in the Pacific, and accepting, whether her statesmen recognise it or not, her predestined rôle as Japan's rival for the trade and wealth of the Pacific continents.

Australia will need all the labour, technical experts, and accumulated skill which the Old World can give her if she is to be level with Japan in the trade race.

Japan, as an experienced investigator has

pointed out,\* possesses the five conditions which the author of "Evolution of Modern Capitalism" deems essential for rapid industrialisation — accumulated wealth, a proletariat or propertyless labouring class, machinery and industrial arts developed to a high degree, large accessible markets, and the capitalistic spirit.

What has Japan made of these opportunities?

During the Great War, by her policy of what may be termed "qualified intervention", to which reference has already been directed, she was able to build and equip no less than fourteen thousand factories. At the same time she greatly extended her banking system and reduced the national debt.

During those four years Japan established the foundations of a financial strength which the great earthquake of 1922 could not shake, and which she doubtless hopes will make Tokio the financial centre of the Pacific, especially should a policy of "Asia for the Asiatic" become an accomplished fact.

According to recent figures, she has now over forty-four thousand factories, and in thirty years the total of men and women employed in organised industry has grown from 25,000 to 1,611,000.

\* Quoted by Sherwood Eddy in "The New World of Labour," George Allen and Unwin, 1924.

"In fourteen years," states Mr. Eddy in "The New World of Labour", the *per capita* wealth increased from \$250 to \$765. At the close of the war the national wealth was estimated at \$43,000,000,000."

As was the case with the navy, Japan has proved an apt pupil of Western industrialists, and has developed a capitalism more powerful and of wider scope than is found elsewhere, not excluding the United States.

The same authority states that "fourteen families and great firms practically control the wealth and industries of the country. The Mitsui Company alone, with a working capital of £100,000,000, does one third of the entire import and export business of the empire, while the Mitsubishi family controls and operates the leading steamship line."

From the foregoing it is apparent that although the general political situation, and particularly the antagonism of China, induces Japan to mark time for the moment, she is already preëminently the industrial Power of the East — an industrialisation achieved with seventy per cent. of her population still engaged in agricultural pursuits.

The general conditions of work and wages in the Japanese factories are open to beneficial reform, and they are as promising as any that could be devised by a nation which puts prog-

ress on a par with individual comfort and prosperity.

In the course of travels in Japan, the writer has come in contact with prevalent labour conditions, and the latest authentic reports show that prices are being cut below those of rivals to the enhancement of the national wealth. The most adverse conditions are evident in the mines; the official report states that the number engaged is upwards of four hundred thousand, of whom approximately one hundred thousand are women, seventy per cent. of the latter working below the surface and receiving an average wage of fifty cents per day.

The task is exhausting, and these women work the coal trucks, the shifts averaging twelve hours per day.

An impartial investigation was carried out by the Economics Branch of Waseda University in Japan, which revealed that the hours were unduly long, the wages a mere pittance, and the need for reform pressing.

When considering these figures, which can be duplicated by reference to conditions in China, at present only in the first stages of industrial upheaval, one wonders if the cotton firms in Lancashire, whose employees work only eight hours and earn £4 a week, can rest assured that the Pacific will not become the new world centre? Can the Sheffield steel manufacturer

also be confident of carrying on in face of such conditions threatening his former place in Asia?

The reply in the past has been that while the Japanese could and did capture our trade in the cheaper type of manufactured article, their indifferent workmanship, and the reputation of some of their traders, would prevent them from doing us permanent harm; experience proved when a customer bought from Japan instead of Britain, he was not infrequently dissatisfied with his bargain.

The latter doctrine will shortly cease to bear any relation to facts, for the Japanese Government, realising as clearly as the British manufacturer where their weakness lies, is taking steps, by stricter attention on the part of manufacturers to trade agreements and the provision of improved facilities for education of skilled labour, to utilise the latest machinery methods and overcome their handicap in that respect.

A well-informed representative of the British cotton trade, speaking in Manchester recently, thus summed up the immediate consequences of Japanese activity in his trade. The pronouncement is vital, since for the last four decades British cotton goods have held the premier position amongst our exports to Asia and the Pacific.

Mr. Ellinger gave reasons for disagreeing with the suggestion that Japan's proximity to the market

gave her a great advantage in China, and he disputed also the view that there was a close similarity of taste between the two countries. He thought Japan's chief advantage came from her methods of mass production and distribution which the present organisation of industry prevented in this country. Unless Lancashire was prepared to cater for the bulk business on lines similar to the Japanese, it must be content with the mere fringe of the luxury end of the trade, and even there its present organisation must be accompanied by never-ceasing enterprise in the production of novelties. Lancashire must not only again become as enterprising and inventive as she was before 1913 — and had not been since — but in order to recapture the large bulk trade, she must adopt new methods. Provided that were done, he thought the times were propitious and the prospects hopeful.

We see here the first fruits of Japan's wartime growth — a progressive nation forcing Britain to adopt new methods to meet competition in a class of merchandise in which a British trademark had been a passport for universal sales long before the first yard of cloth was made in Japan.

The same growing competition in a staple trade applies to India's increasing production of piece goods, but although India is the most highly industrialised part of Asia, she is not within measurable distance of supplying even local needs, and her influence upon the inter-

national trade of the Pacific is therefore unlikely to be vital for some time to come. The steady growth of industry in India, however, is a factor in accentuating the effects of competition upon Great Britain, and also in swinging the world balance of trade nearer the Pacific.

It was not to be expected that Japan could effect this industrial revolution without internal difficulties. Wages, hours, and conditions, such as those already mentioned, have resulted in disaffection among the working classes. Latest figures give upwards of three hundred Trade Unions, with a membership of 365,700 workers. This small minority receives scant toleration from the employers, yet they have been sufficiently powerful to organise an average of four hundred industrial stoppages each year since the war, and there are signs that unless conditions and wages are improved socialism may gain ground among the underpaid and overworked masses.

It is improbable that Trades Unionism in Japan will succeed in raising the standard of living to the level of a Western nation. A slight reduction of hours, and a fifty per cent. increase in wage rates, which could be conceded without any great reduction in profits owing to mass-production methods, might satisfy the workers for a period. On the other hand, the peculiar nationalist trait of the Japanese, which puts

country before self, makes it possible for the rulers of that country, if so inclined, to give prevailing unrest an outlet by a war that would bring them fresh sources of raw material or new territory, and thus make improved conditions dependent upon a victory which would achieve their immediate ambitions in the Far East. It is a possible *casus belli* which will be examined later in this chapter.

In internal development, Japan is strongly organised, whether to fight trade rivals or to conduct a naval and military campaign.

We have already shown to what an extent the capitalist principle has been adopted, the number of registered companies being now over seventeen thousand — 485 of which are agricultural, 5,942 industrial, 10,000 in general commerce, and 1,200 as transport companies.

Her banking system has grown side by side with the industries which they serve, the first bank being opened in 1872. Ten years later came the Bank of Japan, which controls the currency system, and in 1897 a gold standard was instituted.

To-day the foremost banks — the Bank of Japan, the Yokohama Specie Bank, the Industrial Bank, the Bank of Formosa, Korea, etc. — have branches in all parts of the world, in addition to which there are over two thousand private banks.

These facts, necessarily elliptic, show that the Japanese dream of Asia as a new Europe—a centre in which the Asiatic races will play a leading rôle—is by no means improbable of accomplishment within the coming generation.

That impression is strengthened if we consider the reverberations which the industrialisation of Japan had upon China before the fall of the monarchy, and especially during the years of chaos through which that country is now struggling towards emancipation.

The potential resources of China are so great that she could, if organised and equipped on modern lines, easily surpass the rest of the Pacific. When the present chaos has passed, the Chinese Republic will have a clear field for development if they definitely discard their apathy and widespread corruption.

The spark of industrial expansion will spread to the Chinese masses, the country will assume a new aspect, and in the development of the Pacific the Chinese nation will ultimately play its share.

It could not be otherwise with a nation which even before the advent of the Kuomintang and civil war had over one hundred sixty million workers profitably employed, or two thirds of all Europe; a nation which, a thousand years ago, possessed the most skilled artisans, with easy transport to the sea by its great waterways,

resources of coal, iron, and other ores, and in which the population can overwork and undercut all other nations.

It is these latent resources of material and labour which constitute the real Yellow Peril commented on by sensational writers. China need not invade Europe to destroy the prestige and prosperity of the West; she has but to modernise her economic system, call part of the peasants from the rice fields into the factories, and the crisis for Europe will have come. This, however, is not immediate, although already in the making.

What Japan has accomplished, China will aspire to. Every year, hampered by the intrigues of rival war lords, by shortage of capital, and unprincipled taxation and looting, China is moving slowly along the road to economic development. Only those who have seen typical Chinese cities such as Canton, Hankow, or Nanking, can realise how great the change has been since the Republic came into being seventeen years ago.

At Hankow are ironworks employing six thousand hands, and at Canton cement works, an electric-lighting plant, a flour mill, aerated water factories, a tannery, thirty rice mills, and seventeen match factories, all industries owned and operated by Chinese managers and capital.

The Yangtse Valley is destined to become the

industrial heart of China. Along its banks are populous and ever-expanding commercial cities, such as Hankow with a population of a million and a half. Shanghai, the site of which was a mud flat when it passed into International control in 1842, is to-day the greatest port of the East, with a population of over one million, and a quarter of the trade of China passing through it. Canton's total may never be accurately known, for possibly one half live in boats on the river, but over one million people are to be found ashore. Peking has a population variously estimated at between seven hundred fifty thousand and nine hundred thousand.

These figures, eclipsing any but the largest Western cities, do not suggest the peasant nation, living on the rice fields. Nor is it entirely accounted for by foreign trade, although it was the latter in the first instance which gave to these cities their importance to the outside world, and the magnet attracting large populations.

China is to-day competing with Great Britain in the cotton trade, with Japan in silks, tanneries, and match factories, and with the East generally in rice and flour mills. There are millions of workers in China who are ignorant of agriculture and have never worked on the land. They are met with in every city — the low-grade unskilled material upon which future Chinese industries will be built.

As might be expected in a country where a thousand workers are available for every task, and reforming legislation is unknown, the conditions in Chinese factories are the worst in the world.

In the silk filatures the atmosphere must be kept warm and moist. Windows and doors are, therefore, kept closed, and the air is loaded with germs and dust. In this atmosphere work and live the employees who are victims of prevailing conditions.

Stripped to the waist on account of the heat, they are easily recognisable by their sallow complexions. Those who complete their allotted task in daylight are free to go where they please, but must return by dark. The output, however, demanded to secure this privilege is so large that only the exceptional worker can get away from the factory, except upon special occasions.

Having finished work at night they pull out a roll of bedding and sleep on the floors, on boards laid across the benches, or on the ground in the courtyard.

At daybreak they rise, roll up their blankets and stack them in a corner. Thus do they live and work in the same unhealthy atmosphere and surroundings.

The silk factories are no exception to the rule, for even worse conditions prevail in other directions. Chinese industry to-day means twelve

and frequently eighteen hours of daily toil for seven days a week. Child labour is universal. Wages for adults average seven and a half pence a day for men, and slightly less for women. There is no attempt at factory legislation, safety measures, medical attention for the sick, compensation for accidents, or any such reforms as are now universal in Great Britain and America.

Industry by industry the same story might be told. The best conditions in China are those within the foreign-owned mills at Shanghai. The worst are in the mines of Honan, and elsewhere; industrial diseases are rampant and the conditions approximate to slavery, with only the commandeering of workers to act as porters to one of the rival armies passing through the district as the only hope of escape.

Apart from the details of individual mills or factories, the important point is that competition of Chinese industries thus operated is steadily encroaching upon our trade with the Far East, and will continue to do so.

In China, as in Japan, the conditions imposed upon the workers has resulted in the formation of trades unions. In China, owing to lack of a strong central government, the influence of the unions will probably develop beyond what is likely to be achieved by Japanese unionists.

The genesis of the Chinese labour movement was the Canton strike of 1921, when the entire

industry of the city was brought to a standstill. In the following year occurred the marine strike at Hong Kong, in which fifty thousand seamen, coolies, and others were involved. The strike was the greatest yet known in the Far East, and lasted for three months. It ended in victory for the strikers, which resulted in the rapid spread of trades unionism.

To-day there are over eighty trades unions in Shanghai, and a large number along the Yangtse, in Canton and elsewhere. Many of these organisations are not trades unions at all in the European sense of the term, but revolutionary bands of workers seeking political objects and frequently inspired by Russian propagandists. The Trades Union movement has come to stay in China, and when the present situation, in which craftsmen are cheek by jowl with beggars and criminals, all belonging to a union, has passed away, there will still remain strong unions of the real industrial masses with which employers will have to negotiate when China gets into her industrial stride.

At present China lacks capital, and so perverted are the methods of taxation and collection of revenue, that the amount available is insufficient to meet the interest on foreign loans. In speaking of foreign capital as essential to industrial development, it must be remembered that should China adopt the slogan of "Asia

for the Asiatics", she will find it just as easy to borrow from Tokio as from London.

The industrialism of the Far East and the Pacific is the gravest threat to Europe which we have faced since the United States first challenged our industrial supremacy. But the American challenge was never as great a peril as this — for the industrialisation of Asia comes at a time when our export trade, and that of most European nations, is either declining or stationary.

It is true that both Germany and Italy are apparently progressing, in the first case recovering lost ground, and in the latter definitely winning new markets. It is not our purpose to predict a year or ten years ahead, but rather to emphasise the coming swing of world power to the East, and to gauge what the change means to Europe in general, and the British Empire in particular. Assuming that the process is not expedited or its course definitely changed by a war in the Pacific — a contingency which we shall also examine — the swing will be gradual, but none the less sure.

The only evidence against its coming, advanced by British and foreign trade experts, rests upon the suggestion that as the white nations possess a monopoly of the world's chemists, scientists, and technical experts, the East may extend, but only at the price of paying

tribute to all that the older nations place at their disposal. Asia, runs this argument, possesses cheap labour, raw materials in abundance, vast numbers of potential consumers, even a certain amount of capital. The Pacific is the ocean of the future. But that future is as much bound up with Europe as with the nations whose coasts are washed by her waters, for Europe and the United States possess a monopoly of commercial experience. London and New York are the hubs in the world of finance, and without their coöperation no development of China on a large scale will be possible.

The processes by which other nations have caught up with Great Britain in the industrial race are those by which the Far East will become the new world centre when the clock strikes the appointed hour. The halls of learning in the older nations are open to the world, and both Japanese and Chinese are good scholars.

Every year the number of Asiatics studying in the technical colleges, factories, and works of Europe and America grows larger.

When the East awakens to a realisation of its industrial strength, it will adopt mass-production methods, with Western-trained foremen and managers to supervise the factories and mills. The change has already occurred, almost without comment. After two thousand years of home crafts and village industries, the Far East has

answered the call of the factory, mass output, and the trade union. Those changes accepted, the rest is only a matter of time.

At present there are indications of unbroken gradual progress, during which the Pacific will be transformed by peaceful development. Whether the existing rivalries are satisfactorily adjusted depends mainly upon the degree of industrial expansion which Japan accomplishes without further accession of territory or interruption of the supply of raw materials.

In the absence of territorial extension by negotiation, as described in the next chapter, Japan will reach the point when her teeming millions must, in Mussolini's significant words, when applied by him to the problem as affecting Italy, "Expand or Explode."

Assuming that those controlling the destiny of the Far East during the next twenty years prefer to utilise the weapon of universal trade rather than the more speculative challenge of navies, it is of interest to see which of the nations concerned will benefit most from the conscription of Asia into the world's industrial army, and secure leadership of the new centre of trade and commerce.

Russia, lacking ice-free harbours in the Far East and with only Siberia behind such as she possesses, can be eliminated. The United States may continue as a military factor in the



A VIEW OF SYDNEY HARBOUR



AN AUSTRALIAN WOOL CONVOY EN ROUTE TO RAILHEAD

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Pacific, but will be unable to fill the rôle of a definite Pacific trading nation as long as her possessions there are confined to Hawaii and the Philippines, both over two thousand miles from the nearest American port.

There remain China, Japan, and Australia. In the distant future it may be China, who, from resources and the natural abilities of her people, will dominate the ocean which her celestial emperors ignored for two thousand years.

In the immediate future the contest between Japan and Australia will be a keen one. While there is no justification for the view that brains and science alone can make an industrial nation, there can be little doubt that Australia, populated by virile citizens, with its temperate climate, magnificent geographical position, adequate resources, and the skill of the Motherland behind it, is predestined to become one of the key nations of the Pacific. If any criticism could be advanced against this contention, it is that the Australians themselves are apt to be too sure that this view of their future is the only correct one, and yet they evince but slight interest, and sometimes actual opposition, to any scheme for transfer to their empty acres of the population which must be secured if the opportunity is to be exploited.

With regard to Great Britain, this question of migration is the acid test of our future interest

in the Pacific. Whether the goods which China, Japan, or South America will need are made in Nagasaki or Sydney matters nothing to the British employer or worker unless those who man the Australian factories of to-morrow have been recruited from the mother country. If Australia does not extend her migration schemes, and is not prepared to augment largely the present driblet, then, economically at any rate, the effect of Australian progress upon British industry will be as damaging as the progress of Japan.

It is a form of moral obligation upon Australians to accommodate in their great country every suitable Briton desirous of settlement there.

Events of the next few years must convince those who govern Australia that, if the position in the Pacific is to be maintained unchanged, plans more far-reaching than the existing ones must be formulated.

Meanwhile, ideally placed for her future rôle, Australia waits — the natural focus of all Pacific trade with the outside world, whether it be South America, Africa, India, or Europe. In a matter of years she will be further equipped to play her part as the spear point of the Empire, by the coming of air services linking her more closely with Great Britain and so lessening the isolation which has always been her chief danger.

A suggestion made some months ago in an

American journal that the capital of the British Empire should be moved from London to Sydney in order to compete with the new trade of the Pacific is premature but significant. While Europe possesses its present resources of raw materials and population of potential customers, Britain need not fear bankruptcy from lack of orders, even though she may be embarrassed.

With Canada on one side of the Pacific, and Australia, Hong Kong, Singapore, and India on the other, it may be said that no other nation will play so predominant a part in the task of setting up the new Asia.

## **CHAPTER IX: ISSUES MAKING FOR WAR**

*The economic, financial, and territorial position. Issues making for a conflict. Are concessions possible? Asia for the Asiatic.*

“**THERE** is no limit to the prosperity and development the Empire can create in a generation or two,” stated Mr. Amery, Secretary of State for the Dominions, recently. He was speaking in Australia, and visualising the potential development of the whole Empire.

That the future expansion of Empire trade depends upon Britain maintaining her position in the Pacific will be accepted as axiomatic, if only we ask what would be the effect upon our future prospects in Great Britain if Australia and New Zealand seceded from the British commonwealth. The word “development” signifies, when we use it, the opening up, for the benefit of the Empire, of the empty lands and natural resources of the Dominions and Colonies.

The lines of development of British interests in the Pacific have already been examined, and we know to what extent the future of England and Australia are interlocked.

In examining the purely industrial and economic problems with which Europe is con-

fronted, we have for the moment ignored the possibility of an appeal to force on the part of any nation, or group of nations, dissatisfied with the rate of its economic progress, or jealous of the progress of its rivals.

In other words, an estimate of the probable trend of events in the Far East must be qualified with the words "if no war occurs." What are the probabilities of an outbreak of war in the Pacific, so often predicted only for the pessimistic assertions of the seers, to be falsified by a renewed friendliness among the nations concerned?

The one most likely to appeal to the judgment of might is Japan, a militarist State which has expended much on forging a navy, army, and air force which, since the Russo-Japanese War, has been scarcely used.

A survey of the Pacific situation, as it must appear in Japanese eyes, suggests that it is improbable that Japan's rulers would be so ill-advised as to precipitate a conflict. By the terms of the Washington Treaty Japan controls Far Eastern waters. She is one of the recognised great Powers of the world, and a leading member of the League of Nations. As we have shown, her industrial progress has been, and still is, phenomenal.

All through the long drawn out crisis which marked the relations of rival Chinese governments with foreign Powers during 1926 and

1927, Japan moved with care and circumspection, so much so that those who anticipated her interference in Chinese internal affairs breathed freely for the first time since the Twenty-One Demands were presented in 1915.

Unhappily the sequence of cause and effect often functions in international affairs as elsewhere, and the fundamental facts of the situation now facing the Japanese rulers are such that to accept this view of the probable course of events and to rule out war we must admit a course of events both startling and improbable. It is the voluntary surrender to Japan of territory at present owned by one Power in satisfaction of Japan's growing need of colonies for her surplus population, and raw materials to afford employment for those settlers who leave the mainland.

An examination of the problems looming up in the Far East must take into account the fundamental needs of this energetic, ambitious, and determined people.

Japan does not necessarily seek expansion beyond the Far East, since she already stands at the door of the new world centre — the counterpart in the Pacific of Great Britain, the other island kingdom, but unlike ourselves, lacking room for expansion.

Were a war to occur between Japan and the United States, and assuming that the former

won, which would be contrary to naval and military opinion, Japan might have avenged her ruffled pride over the Exclusion Act, but the main problems would still await settlement.

No defeat which she could inflict upon the United States would be complete enough to enable her to demand repeal of the Exclusion Act, and the annexation of United States possessions in the Pacific would do little towards satisfying the need for territory. Hawaii and most of the American islands are already largely populated by Japanese and Chinese.

The elimination of American influence would not leave Japan with a free hand in China, for Great Britain and France are as desirous as the United States that the Republic of China should not be further exploited during its struggle towards true democracy.

The only gains to which Japan could aspire would be an expansion of trade following increased prestige, and an improved strategic position. With the Philippines in her possession she would command the coast of Asia and so threaten the route to India; the present American "zone of influence" in the Central and Northern Pacific would have passed into her keeping, and the advanced bases of the Japanese fleet be less than halfway to Australia.

Her next step — presuming such a victory over the United States fleet and air service —

would be either to seize the Dutch East Indies or to demand a share in the wealth, sunlight, and land of Australia.

Despite the offence which American outspokenness has often given to Japan, we do not believe that this policy of taking two bites at a cherry would recommend itself to rulers so sagacious and far-sighted as those holding the reins of power in Tokio.

Japan needs territory, and her wants may be met without open war by an alliance of Asiatic nations, including a new China, which will place her at the head of a syndicate for developing the latent resources of the continent in opposition to Europe. Concessions might be gained in China by loans, if she can retrieve her present unpopularity there.

If Japan reaches a crucial stage before the present Chinese crisis gives way to stable government, and a corresponding development in internal strength, she may yet endeavour to establish a virtual protectorate over China, and so exploit the accumulation of oil, coal, iron, steel, lead, and other materials so vital to the national existence, and incidentally ensure success as salesman in the Chinese market.

Should the moment for action be delayed beyond the period remaining when sterner policy offers hope of success in China, then necessity may induce the Japanese to present to the

League of Nations a memorandum containing the population statistics for Australia, quoted in Chapter V, and to enquire whether Great Britain, which has not populated the island continent herself, has any moral or legal right to prevent the entry of those whose need of land is greater.

It would be too late for the Australian Government to embark upon hurried migration schemes when that demand had been lodged. Two alternatives would present themselves, both equally distasteful. The first would admit Japanese emigrants to certain parts of the Northern Territory, possessing a climate for which they are more adapted than the white man, or in certain circumstances there might be a blunt demand for the handing over of those subtropical regions of Australia, and their annexation by Japan.

The probability of a war in the Pacific in which Great Britain is a combatant depends upon whether such concession would be acceptable to either the Australian or Imperial governments. Australia is a large country, where white and yellow races could live without coming much in contact with each other. But the introduction of cheap labour into the Northern Territory would give Japan the Pacific dominance she seeks, and profoundly modify Great Britain's share in the total volume of trade available.

There is another diplomatic move that has been envisaged — a request by Japan for the right to settle in Australia, but coupled with the suggestion that if such be unacceptable, Britain should join with Japan to secure for the latter concessions in China.

It is, of course, inconceivable that Britain would be a party to any such bargain. Certainly not if China progresses towards sound government and settled conditions of trade and industry which will eventuate as soon as a leader of integrity and repute appears. But the dubious nature of such a manœuvre may not prevent Japan from making the attempt. When considering potential causes of dispute in the Pacific, we must remember that all classes in Japan have faith in their ability to emerge victorious from any war undertaken in the Pacific.

A similar opinion is probably held, in a qualified form, by the Mikado's advisers.

There is another factor operating in Japan which might adjust the scales in favour of a military and naval venture. With the rapid growth of industry has arisen a rapid increase in unrest and smouldering discontent among the masses, who toil in return for a pittance which often does little more than shield them from starvation. A Socialist party, differing from European political groups bearing that title, but founded on discontent, has appeared in

Japan, and the people may prove during the next decade that the European lessons of labour organisation can be absorbed as easily as those in building warships.

If criticism of the present policy of extreme capitalism, such as has disappeared from Europe, spreads to criticism of the Mikado and the Government itself, then Japanese statesmen may endeavour to short-circuit the unrest by engaging in a foreign war and so unite all classes in a national cause. It has been adopted by European rulers in the past when threatened with a rising tide of unfavourable comment.

A conflict undertaken for this reason would, if successful, achieve other results. A victory for Japan over a Western Power would probably be followed by an attempt to establish a Monroe Doctrine in the Pacific, aiming at "Asia for the Asiatic", and, incidentally, a free hand for Japan to exploit the resources of China.

The Twenty-One Demands of 1915 were, in reality, an attempt to pave the way towards a Japanese hegemony of this description, and indications are not wanting that some Japanese statesmen are still intent upon such a policy.

So far, the possible causes of conflict examined are based upon the assumption of offensive action by Japan against some other Power or Powers. This appears inevitable, since Japan

is the hub of the Pacific, and a nation desirous of expansion.

A Pacific war between any two Western nations is highly improbable, while conflict with Japan, in which the initiative was taken by the United States, is but a remote possibility. Having excluded the Japanese, with their lower standard of living, from her territories, the only conceivable cause of dispute in which the ultimatum came from the American Republic would be further Japanese exploitation in China. With the increasing knowledge of European armaments and methods of warfare, which is all China has to show for the prolonged civil war, it is improbable that the latter may tacitly accept any demand merely because it is supported by a powerful array of force.

It is only natural that Great Britain and France should make common cause with the United States in condemning further penetration in China; it is also certain that Chinese factions, north and south, would unite in resisting any attempt by Japan to take advantage of the present situation.

Nevertheless, there will be openings for Japanese capital, skill, and workers, in building up industries in China. The conditions on which a new and sensitive Chinese nation will admit foreigners in the future will resemble the conditions facing foreign capital and manufacturers

in Great Britain and America rather than the special sanctions of the past. The era of treaties and extra-territoriality is passing, and future Japanese interests in China will not imply additional political weight in that country.

It has been suggested that if Japan needs additional territory and increased material resources, the League of Nations should investigate the problem before war comes, and prescribe a fair and impartial remedy. The record of League successes since its inception does not entitle us to hold an optimistic view on that suggestion.

In any case it is improbable that the result would be successful, for Japan would be disinclined to accept the verdict of a tribunal upon which the white races possess an overwhelming majority of votes. For this reason alone it would be unwise to count upon the League as the deciding factor in a Pacific question. In matters of European justice, it can speak with some decision, but when it turns to Pacific affairs, the Asiatic nations might well dispute its authority.

Moreover, the utility of the League of Nations in a crisis must be limited to a solution of Japan's problems, for it cannot be found along the lines of self-determination or democracy, which is the *raison d'être* of the League. The lands which are predominantly Japanese in population are over-

crowded — space must be found elsewhere, in which the population, even if sparse, will hardly welcome the coming of another race. For even the dying peoples of the Pacific islands claim the right to pass away with some shred of their former nationhood still remaining to them.

The only escape from the *impasse* lies in excluding Western races from Asia, and developing the Far East on Asiatic lines.

## **CHAPTER X: THE OUTCOME OF A WAR**

*Outcome of a war. Probable causes and grouping. Strategical situation reviewed. Consequences to those involved. Effect on Far East. Might of the United States. Effect of victory and defeat for both sides.*

IN previous chapters we have dealt with the forces at work in the Far East and the Pacific, and the significant changes in the balance of power brought about by the rise of Japan as a dominant factor, as well as by the late war and the developments in the New World, of which the completion of the Panama Canal is not the least.

The Pacific problem gained added importance by the resolution of the present Government to proceed with the construction of the naval base at Singapore. This is in no wise a threat directed against any nation, but the outcome of a development of empire to ensure the safety of the trade pivoted on Singapore and to guarantee the uninterrupted conduct of naval operations in the East apart from the additional security which the base affords to Australia and New Zealand.

Two other factors also enter into the question : the ban on further Japanese immigration to the United States, which is largely the outcome of

racial antipathy to the yellow nations, and the recognition by the Chinese of the Bolshevik Government at Moscow, which is endeavouring by sinister means to recover lost power in the Far East and to consolidate it on Soviet lines.

We have seen that the predominant element is Japan, who by former alliance with Great Britain, defeat of Russia in 1905, and more recently a share in the Great War, has attained the rank and dignity of a first-class Power. Both during and after the war Japanese economic profits were considerable, in addition to the political ascendancy she was assuming over China, coupled with the fact that she was spared the immense material and financial losses of the Allies, emerging, indeed, from the struggle stronger in every sense than when she entered it, the monetary gain alone reaching a high figure.

We have now to consider the question of a war in the Pacific, a campaign that by position of the potential combatants would be a naval one and not necessarily involve invasion by one or the other. Great Britain, Japan, and the United States, with Russia as a possible figure, may be taken as the Powers directly concerned, China, as already explained, being a negligible quantity for, at any rate, the next ten years.

None of these nations would contemplate invasion, or the despatch of armed forces on any

considerable scale by way of the sea, except for the capture of islands of strategic value. The campaign would, therefore, be a maritime one, and, like Great Britain, Japan would find it essential to be constantly on the watch for an attack upon her sea lines of communication, and to provide the requisite defence in view of the country's increasing dependence upon foreign supplies.

A war in the Pacific may result from a number of causes, of which the principal ones are commercial and economic. We will deal first with the United States who, by her possessions in the Pacific and large trade with China, must guard against any Asiatic preponderance; commercial rivalry, and the irritation rife in Japan over the Exclusion Laws enforced by the American Congress, may well be a contributing cause. There is no doubt that Japan resents the presence of the Americans in the Pacific and the rising influence they are acquiring there, whilst the writer can testify from personal experience in China that efforts have been made to exclude American trade and to curtail the activities of Americans who have financial interests and concessions on the Asiatic mainland, apart from the trade carried on with China and American participation in the passenger and goods traffic across the Pacific Ocean from and to the United States.

Assuming that war arises out of either of the above, and is confined to the United States and Japan, we will endeavour to trace the possible lines it would take and its after effects. In the first place, the United States has to provide for the safety of the Hawaiian Islands and the Philippines, whilst at the same time ensuring the integrity of its other isolated but important links in the chain of defence. Unless a powerful American fleet were within comparatively close range of the Philippines, the capture of the islands by the Japanese could not be prevented. The latter are only two hundred and eighty miles from Formosa, which, since the Japanese occupation after the close of the war with China in 1894, has been converted into a stronghold that is, both from a naval and air force standpoint, an Eastern Gibraltar. It would consequently be an easy matter for the Japanese to deal a blow at American sovereignty there, from which there would be little or no hope of immediate recovery. From Japan itself the Philippines are but two days' steam, and the Japanese have the decisive advantage of a number of first-class naval bases within fifteen hundred miles of their objective in the opening stage of the campaign.

The initial step would be taken by the Japanese navy in disposing of the shore defences of Manila, the landing point, and the convoy of the military force necessary to carry out the

occupation and consolidate the ground won. The Manila defences are admittedly not of a high order, whilst the landing places for a hostile army are all that could be desired, and lend themselves to the debarkation of a striking force.

From their insular position, and the opportunities afforded them of conducting a campaign in secret, an effective Japanese censorship can be exercised. This was proved in the Russo-Japanese War when the steps taken were such that not a single item of news disclosing the plans or position of any part of the armed forces leaked out. An insular nation, such as Japan or Great Britain, has exceptional advantages in that respect, and it is able to secure and retain the initiative, the goal of every army and navy, that, wielded by an island kingdom, can develop into a formidable weapon.

The failure of the recent Geneva Conference on the question of still further limiting naval armaments, the primary object of which was to extend the provisions of the Washington Agreement to include cruisers, submarines, and destroyers, emphasised the importance of those weapons which the world will shortly see developed and brought to a higher state of perfection.

In discussing naval strategy, not only as applied to the Pacific but in general, there is no doubt that all three weapons will play a leading rôle in the war of the future. We had convinc-

ing proof of the destructive power of the torpedo in the last war, when hundreds of ships were either sunk or seriously damaged; it affected all classes of shipping, and neither the merchant vessel, the collier, the cruiser, or the battleship, was immune from attack. The potency of the torpedo demonstrated that the battleship has its limitations, and the necessity of providing torpedo protection to avoid it being totally destroyed by a single hit.

The destroyer also has greater mobility, and its range and scope are superior to that of the cruiser or the battleship.

Regarding the submarine, although in the last war it did not cause a crisis, the German submarine menace undoubtedly brought us within measurable distance of disaster. Indeed, it is not an exaggeration to say that the German navy, although inferior to our own, was through the use of the submarine, able to adjust the scales in growing favour of the German forces.

The lesson most prominently brought home was that no fleet or any individual ships could operate with immunity in a submarine area, and although various devices were tried to cope with the menace they did no more than partially overcome it. Freedom of naval movement was curtailed, the blockade was rendered in some cases difficult to enforce, and mobility was jeopardised by the necessity of screens to afford

the requisite protection against the ubiquitous submarine.

The use of the submarine will demand far greater precautions than hitherto adopted; in the recent war screens, nets, and other obstacles had to be created at great expense, and a whole fleet of auxiliary ships was necessitated, in addition to the minefields which formed a leading feature in the campaign against the submarine. A new element arose in the creation, as it were, of an anti-submarine fleet, which not only adds to the cost but demands additional personnel.

The drawbacks of the battleship, as opposed to the submarine — its costliness and inability to manœuvre without the attendant destroyer tonnage, the elaborate bases required for refit and repair, and restricted area from the screens required — lessens its value for offensive action. Many experts in foreign navies, notably in that of the United States, regard the battleship as already displaced by the submarine and destroyer, for the advantages are obvious. There are various duties they can perform — they are easier to build, less costly, and can harass commerce to an almost unlimited extent. In view of their importance perhaps it is not difficult to discern the obstacle in the way of limitation, for they are a formidable weapon in the naval armoury.

The Japanese recognise these concrete facts,

and their coast line being admirably adapted as shelters they are intent upon further development to render the submarine one of the chief weapons in the coming struggle in the Pacific. The same remarks apply to the United States, and the submarines now under construction will have a greater cruising range than anything in the last war — indeed, will be in a position to encompass the voyage from and to the Hawaiian Islands, for example, a total distance of six thousand miles.

We have now to consider harbours in the United States as part of the review of naval strategy. They are favourably situated on the Pacific coast, both as regards conditions and resources. The main harbours, commencing from the north, and with ample accommodation in all respects, are Puget Sound, the Columbia, San Francisco, Los Angeles, and San Diego, each from its geographical situation able to support the other, and so gaining added value.

From San Francisco, the chief base of the American Pacific fleet, the main line of communication across the ocean to Asia passes, as already seen, via the Hawaiian Islands, which are admirably placed, being closer to the United States than to any other nation. From its inherent natural strength Oahu, the most important of the group, lends itself to fortification.

Moreover, the islands occupy so commanding

a position — a lonely group in an immense expanse of ocean, and an advanced outpost and junction along the Asian line of communication — that they will be one of the first objectives of a hostile Power, whilst for the United States they are a point where concentration can be carried out and steps taken for operations beyond. Dominating the North Pacific as they do, the loss of the islands would have a decisive effect upon the American plan of campaign.

Regarding the Philippines, we have seen the disadvantages attaching to them from such close proximity to Japan. Their resources are limited and adequate only for the defensive force allotted, and as yet incapable of resisting an armed descent upon their shores such as would be organised and carried through in the event of war with Japan. The Philippines are obviously the first point of contact between the two Powers and the one for which the Japanese would make at the outset, as affording them the initial success in the campaign and all that such an acquisition implies. We recall the outburst in the Japanese Press when the United States took possession of the islands as the fruits of the Spanish-American War, and the wave of popular indignation that passed over the country at that time. Indeed, it was a matter of embarrassment to the Japanese Government; the anti-American tirade was so pronounced that official

cognizance was taken of it in a declaration, that the Japanese Government regarded the coming of the United States into the Western Pacific as a contributory benefit to the welfare of nations. We have already remarked that a similar protest, possibly not so pronounced nor one so deeply rooted, had been lodged upon American acquisition of the Hawaiian Islands, the Japanese resenting this forward thrust into what they undoubtedly considered their own domain in the Pacific.

From all that has been said and the deductions drawn, it is obvious that we must concentrate on both Japan and the United States as the two most likely opponents. What are the motives that may contribute to a clash of arms? In the light of actual facts we will briefly trace the course of events in the Pacific and the Far East as we are justified in envisaging them at the present day.

Japan within a generation has risen to the rank of a first-class Power; she has passed from the agricultural to an industrial stage, her population is expanding, and both politically and economically she aims at becoming the predominant Power in the new centre. But difficulties confront the realisation of this ambitious project. The rise and fall of nations is mainly dependent upon economic conditions; naval and military strength and preponderance on one side or the

other will, to a large extent, influence the trend of events, but in the end it is mostly a case of the survival of the fittest, and the one who can withstand the brunt the longer, and put forth the greatest economic and financial efforts, stands to win as the result of its superiority therein.

At the moment Japan is not in a position of economic strength, and there is no prospect of her attaining preëminence within the immediate future. As already shown the essentials of economic and industrial life do not exist in Japan, but they are found in unlimited extent on the mainland of Asia — China. Apart from these vital necessities, much of the food supplies must be imported, and here again the value of China is demonstrated. With control over Chinese economic and supply grounds the problem, although not solved in its entirety, is sensibly relieved. From these simple facts can be deduced the trend and aim of Japanese policy ; and their anxiety to establish a permanent base on the Asiatic mainland that shall ensure, as far as practicable, an uninterrupted flow of essentials on which not only the future life of the nation depends, but without which it would be impossible to conduct a war for paramount influence in the Pacific.

Taking a dispassionate view of the situation as we find it, there is nothing unusual in the Japanese desire for first place in China. The

wherewithal to carry on is an ever-present problem in the minds of States no less than in that of individuals, and when we see the means to the end slipping from our grasp matters assume a serious turn. This, in the case of Japan, shows itself in the growing independence of China and her rise as a national entity, with the closing of the avenues of supply noted above. It largely accounts for the Japanese attitude towards the Chinese in the present internecine warfare, for it is hardly to be expected that they would view a unified China with equanimity and the consequent evaporation of their hopes of hegemony in that country with all that it means to them.

In any case, whatever may happen to China, whether she becomes unified or continues in a state of disruption, which is likely for some years to come, Japanese interests must be safeguarded, and here the United States are the potential cause of friction that may lead to conflict.

The latter country, as we have also seen, is largely interested in the preservation of the open door in China; the Celestial market is growing in importance for the Americans, for that of Europe has, to a considerable extent, been restricted owing to the aftermath of the late war and the creation of tariff protection measures by continental States. Moreover, the Chinese market for American goods, and the supplies



H.M.S. "HOOD" BATTLE-CRUISER PASSING THROUGH A LOCK IN  
THE PANAMA CANAL



THE PANAMA CANAL IN THE MAKING

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to be drawn from there, are essential to the industries that the United States is building up — lines of economic development that progress so rapidly that available markets for supply of the industries are insufficient to meet the demand. Only those who have visited the United States and seen the commercial and economic strides, and the paramount position that is being built up, can have any idea of the future extent of activities for which the great Republic of the West is so admirably adapted.

Having had direct official dealings with matters in the west of China, the writers have had unusual opportunities for studying the relative positions of two of the competitors in the Chinese market. The Japanese have recently imported various articles for household, domestic, and general use, the quality at the outset being up to standard. Once, however, they regarded the market as captured, the quality deteriorated, and, presuming upon false premises that the Chinese customer was unable to recognise a good article when confronted with it, the trade fell away in consequence.

On the other hand, the American goods have stood the test; what was imported at the beginning was the enduring sample, with the inevitable result that confidence grew to the detriment of the Japanese trade.

It was not only in the west that active steps

were taken by the Japanese within the past few years to develop their trade; throughout China proper, and especially in the areas adjacent to the homeland, a move had some time since been made by the formation of banking institutions to finance trade and so prove a medium for Japanese commerce. In Mongolia they were also active with a view to the acquisition of Russian rights there, and the abrogation of certain privileges accruing to the Russians under sundry treaties, by which it was desired to establish a firm footing along the vital lines of existence.

American competition in the Chinese sphere is therefore a matter of grave concern to Japan. The acquisition of rights over the oil fields of Shansi by the Japanese in 1926 is a further illustration of the necessity they feel for timely action to be taken in economic redemption.

So we arrive at the definite conclusion that any encroachment by Japan upon the sovereign rights of China is certain to meet with decided disapproval by the United States, as it would on the part of other Western Powers who view the situation along identical lines. Let us assume, then, that this is the *casus belli*, as it may well be. What are now the initial steps to be taken by the belligerents? Dealing first with Japan, the seizure of the Philippines, as already shown, would be the premier move, and the formation along the chain of islands, which

Japan now holds under mandate from the League of Nations, of submarine and general bases from which to operate against the American fleet that would eventually be in action either for the recovery of the Philippines or to engage with the Japanese navy.

Such bases are also essential not only for the action of submarines and destroyers, but for the laying of minefields around the American possessions, and the closing, as far as possible, of all avenues of approach, as was done against the Germans in the North Sea and elsewhere during the Great War.

An attempt might also be made by the Japanese to interfere with the Panama Canal and the transit through it of the units of the American navy. The cutting of the vital line of communication would isolate the eastern side of America from the west, and compel the long and dangerous passage from the Atlantic to the Pacific via the Straits of Magellan in the far South. The growing strength and efficiency of the Japanese air service renders an attack upon the canal by air within the bounds of possibility — a fact that is recognised by the Americans whose recent manœuvres at both ends of the waterway were in the main directed towards a solution of the problem of aerial defence.

The Japanese air programme, spread over a period of seven years, and involving the expen-

diture of £5,000,000, provides for several air routes to link the country with the American continent, and to ensure that aviation shall be fostered and every advantage taken of developments in that service. The extent to which Japan has progressed has been scarcely realised. With the studied caution inherent in the nation she watched how the air service gradually assumed a dominating influence in the Great War; the assistance of the West was again called in, the course of instruction as followed in this country became a pattern, in so far as the naval air force was concerned. From France came a mission with the object of creating a military arm in accordance with the French system, for it had played a leading part in the conquest of the air, and had organised an aerial industry embracing nearly sixty factories complete with material for the building of aeroplanes and component parts.

Besides this, Japan saw that France was training an ever-increasing number of air pilots, that the aerial strength of France would amount to over five hundred squadrons of fighting craft in 1927, and that, moreover, colonial aviation was receiving special attention. Japanese colonies are similarly placed to those of France; in both cases they are more or less remote from the mainland, and for rapid and efficient communication aircraft were indicated.

Like France, the Japanese were not permitting their aerial research, and plans evolved therefrom, to take definite shape without every known factor being carefully weighed. As a consequence the settled programme is being developed along sound lines, and its completion will see rapid and regular communication in desired directions.

To still further emphasise the possibility of aerial attack, not only upon the Panama Canal, but against cities and important strategic points along the Pacific coast of the United States, it should be borne in mind that Japanese aeroplanes are designed, and their airways organised, to cope with long distances, this being a dominant feature. So well have recent lessons been assimilated and put to the acid test that Japan is at the moment in a fair way to becoming a great air Power, and has a number of factories specially designed for the construction of aircraft and their upkeep in the field of war.

We see, then, that it is not a difficult matter for the Japanese to contemplate an aerial attack upon the point in question, but in view of the American defences it is by no means certain that it would be an unqualified success.

In this connection we may amplify what has previously been said with regard to the anti-aircraft defences of the canal, which are on a par with the inventive genius of the United States.

Importance is attached to aerial weapons, the leading offensive instrument being the aerial bomb, and the gun one of the means of protection against aircraft.

The latest type of gun evolved in America fires a fifteen-pound shell with a range of seventeen thousand yards, and the mechanism allows for traversing through wide angles, whilst it is largely automatic.

As the war of the future will be mainly in the air, we feel that the statement recently issued by the Naval Board at Washington respecting a still more powerful anti-aircraft gun is essential to a correct appreciation of the situation as affecting the Panama Canal.

The new 5-inch anti-aircraft gun fires projectiles weighing 50 lbs. to a height of 28,500 feet at the rate of 14 shots per minute, so that a battery of eight of them will deliver 112 shots at an airplane attack every minute or nearly two per second. These guns are supplemented by numerous machine guns, each firing 400 half-inch projectiles every minute to a height of 8,000 feet. There has been sufficient target practice at towed aerial targets in the Fleet to enable us to form a fairly correct estimate of the chances of hitting an airplane with our larger anti-aircraft guns. The target consists of a sleeve of some suitable fabric 14 feet in length, with a diameter of 54 inches at its forward end, tapering to 44 inches. This presents a projected target area of about 50 square feet, much less, of course, than any

presentation that a bombing plane could afford. The height of the target is about 4,500 feet, and it shares all the movement of the plane that tows it. The target records how that in not less than 75 per cent. of these practices the target is struck with one or more shell fragments, and often is shot away entirely. It has been held by many that the best defence against aircraft is other aircraft; but the Board believes that in defending a battleship against aircraft the anti-aircraft gun, which is always ready for use, probably holds first place, and as it improves in design and skill in use it will in the end be found quite efficient to ensure reasonable security to a ship against bombing attacks.

The writers have personal experience of the working of anti-aircraft artillery, and it will therefore be of still further interest to see the ratio of effect of bomb and gun. A bomb dropped from a height of twelve thousand feet requires twenty-eight seconds to reach the target, and if the latter be a warship moving at the rate of twenty knots, she will have covered approximately three hundred yards whilst the bomb is descending, and if moving at all from a true course the odds are immeasurably against the bomb hitting the mark. In certain experiments carried out a year or two since in our own navy under service conditions, with a warship in movement and its course directed by wireless, over one hundred bombs were dropped at vary-

ing heights from five thousand and twelve thousand feet, but without any taking effect.

The anti-aircraft gun will, therefore, be used not only on shore, but at sea, for accuracy is in its favour and the trajectory can be predicted and the results recorded on the sighting apparatus.

Concurrently with a potential descent upon the Panama Canal, the Hawaiian Islands would be an objective as the premier American base in the Western Pacific and the hub of American power and influence in that area. Given the capture of the two groups of islands, and the partial or even total destruction of the American fleet in those waters, there is little that Japan could do to inflict serious injury upon her enemy. Granted that the situation developed as above indicated, a bar to further success would arise in the technical and economic might of the United States. Before, however, entering upon that phase, we will follow the prospective line of action of the Americans and see how the campaign proceeds from their angle.

Assuming that the Hawaiian and Philippine Islands were lost to the United States in the opening stage of a campaign, the latter would naturally regard it as essential to recover them, and it will be of interest to see how this could be done. It opens up a naval and military problem of first-class importance, involving the transport of troops over a wide stretch of ocean, with few

supporting points as basis on which to conduct the operation, and full of inherent difficulties from the developments in naval warfare such as the menace of the submarine already referred to.

The difficulties would not appall the United States, and when defining the lines of strategic policy in war we must, for the moment, assimilate the spirit of national life as evinced in the particular nation we are studying, their aspirations, their ideals, and general tendencies, so that we can judge what attitude it will adopt under given conditions. The mere fact that any nation possesses material superiority over its adversary does not necessarily imply victory; the moral factor is as three to one, and the moral principle underlying the aims and ambitions of a State is the cornerstone on which ultimate success depends. What are the factors which have controlled the rise of nations in the past? Religion and the fanaticism accompanying it has been the motive in East and West during past centuries, sustaining the great sacrifices and bringing in its wake the victories, whilst patriotism and a deep and abiding faith in destiny and the spirit of invincibility that springs from a nation with great ideals is a dominating force which has determined national preëminence.

The United States undoubtedly possesses these qualities to a marked degree, and it would

therefore be idle to suppose that she would not put forth great and sustained efforts to restore the situation.

The recovery of the lost ground would necessitate the despatch of an expeditionary force overseas. Experience in the last war shows that this can be accomplished with a minimum of loss; indeed, the celerity and safety with which the American armies were landed in France are evidence of the comparative ease of the movement, provided every precaution is taken at the outset and the submarine menace — the greatest which the fleet would have to encounter — is kept in check. The ability to carry out such an operation is dependent upon command of the sea and the destruction, partial at any rate, of the enemy armed forces afloat, although it cannot produce the same decisive effect as command on land would do, not being subject to the authority of any particular side, nor lending itself to definite occupation as actual territory does.

We have seen that the financial and material weight of the United States would undoubtedly give the requisite superiority, enable them to carry out the object in view, and to restore the position as it was before the campaign opened. It might take time to reach this stage, but the end could not be long in doubt, and once the equilibrium established and command of the

sea secured, it would give the faculty not only of changing the point of attack, but of wide liberty of action.

The risk of disaster to convoying warships and the transports from prowling submarines and destroyers would be largely discounted by recent inventions, for no sooner does a danger arise than its accompanying antidote appears — the evolution that nature follows in setting off one thing against another as a check upon its activities. So it is with the submarine and aeroplane. We know that the latter can be detected by sound locators so powerfully tuned that they can record the approach of hostile craft even when flying at a height of thirty thousand feet. The same applies to the submarine, for here also, and to a far greater extent, necessity is the mother of invention, science having evolved sound locators for use with underwater craft so that their presence shall be detected from the noise of their own engines. The value of this invention was discounted in the Great War from the fact that in waters adjacent to European coasts the depth did not preclude the submarine from sinking to the bottom and there lying in wait, its engines stopped, until the propitious moment came for further movement and action. No such favourable conditions apply in the Pacific, where the depth of water often goes to fifteen thousand feet and more, and

it follows they must remain submerged more or less near the surface and with engines running, thus betraying their presence to the sound locators following every movement, and conscious of change throughout their manœuvres.

The menace of the submarine would be appreciably overcome by modern ingenuity and resource, of which the Americans are amongst the leading exponents.

In 1926 manœuvres took place in the vicinity of the Hawaiian Islands to test the capacity of the fleet to conduct an overseas expedition and the adequacy of the Oahu defences, the island on which the naval base is situated. The attacking force of battleships, cruisers, destroyers, and submarines sailed from San Francisco, and, having command of the sea in that area, was able to mystify the defenders, and in a series of operations, some real and others feint, the main object was attained, a landing effected; the defending force being scattered the attacking party consolidated the ground won.

It was afterwards announced that the defences of Oahu were not up to requirements, a deficiency that will doubtless be remedied, and this great naval base, on which safety of the American position in the Western Pacific is so dependent, rendered capable of discharging the duties expected of it.

With the Hawaiian and Philippine Islands

again in American possession, and the position in that quarter retrieved, the Japanese would be to no inconsiderable extent compelled to assume the defensive, and turn serious attention to the safeguarding of their own mainland, which would be threatened by the turn affairs had taken. Air and sea power would combine to greater advantage, the long-range capacity of the American planes enabling them to carry out reconnaissance and raiding operations against the enemy coast line and his principal towns, working from a safe base and enabling the air force to relieve the navy of much of its work in protecting commerce and in destroying the enemy sea-borne trade.

It is probable that the Americans would not stake everything upon a direct naval action or actions with the Japanese, but remembering that the sea-borne trade of Japan must, in the long run, be the life and soul of its existence, blockade; and the harassing of the sea lines of communication would be a leading feature of the strategical plan. Thus economic pressure again comes to the fore, and, as the stranglehold upon those lines of supply increased, so must the Japanese power of offensive diminish in proportion. This would develop in various ways: the oil upon which the air fleet is dependent must be imported from overseas until distillation of oil from coal is made a success, which is not yet

the case in Japan. In the meantime, it must come in from the Dutch East Indies and the island of Sakhalin in the north, and with the supply cut off, or appreciably reduced, the scope and activity of the air fleet are gravely jeopardised.

Then, again, the value of the blockade is apparent in a more indirect way, but its influence is none the less decisive. When successfully conducted, it has far-reaching effects upon the enemy population, as the resultant economic and industrial distress always will have, especially in these days of highly organised communities where the least interruption in the normal life of the nation throws the machinery out of gear, and brings complications and disaster in its wake.

Whilst the United States would be actively conducting the offensive and more direct campaign on sea and land, and, by its aerial strength, above the earth, it would also bring its financial resources to bear. This is a field in which Japan could not hope to compete with her powerful rival: the United States are to all intents and purposes self-contained, the funds that are and could be made, available, are illimitable, and the national credit is such that no difficulty would be encountered in placing loans abroad; whilst, on the other hand, Japan would not find it an easy matter to negotiate such financial assistance in a war against one of the Western

nations. The psychological factor would appear and Western nations undoubtedly harden against monetary assistance, however attractive the conditions. Great Britain, for example, would decline to be a contributing factor in the downfall of the United States and the elimination of her influence in the Far East to the benefit of an Asiatic rival.

American financial resources would also be evident in the raw materials market, and in those commodities essential to successful prosecution of the Japanese plan of campaign. Prices would inevitably soar with the supply, although it might equal the demand, controlled by the realm of figures, and the one with the longest purse would win the market. At the moment, and for many years past, the gold production of the world has been centred in the United States and the British Empire, of which the latter produced over sixty per cent., and the former nearly twenty per cent., no other countries being of relative importance. In this connection it should be stated that the United States will become a less vital factor in universal gold production owing to the increment in British Empire production; indeed, it is not improbable that the Canadian quota alone may supersede that of the United States, unless a constructive remedy is found to improve domestic conditions.

But the above would have no effect upon an American-Japanese conflict, since the resources on the one hand are so immeasurably superior that any falling off would not exercise decisive influence upon the ultimate issue. At the present time the United States has enormous gold reserves, and world trade will tend towards the distribution of this wealth amongst other and equally progressive nations.

Continuing our investigation upon the effects brought about by economic and financial pressure, this would be still further felt in the matter of cornering articles requisite to national welfare, in which the American superiority would be quickly demonstrated, and we should see the chartering of steamship transport passing from the Japanese realm by the same invincible operation.

The sum of Japanese difficulties is not ended with the recital of the ways and means available to the United States for pushing the campaign to a decisive issue, and bringing about a result that should, both in its effect and its ultimate consequences, be such as to enhance not only the predominance of the States, but seriously cripple the Japanese ambitions, whatever they may be, for generations.

It is an accepted probability of political development that the antipathy of China towards the Japanese would increase in direct

proportion to the sum of Japanese reverse. A base on the Chinese mainland, whence raw materials, coal, iron, and other commodities can be drawn, is essential to the opening of a campaign; the flow must continue unchecked if the war is to be fought to a successful issue, and the good will and whole-hearted coöperation of China is the factor dominating the question of that uninterrupted supply. Can the Japanese count upon such good will and the assistance, open or covert, of a friendly China? Certainly not, as the situation is at the present time, and the future outlook gives us no reason to anticipate a change in the Chinese attitude.

The Chinese are adepts at utilising neutrals where their own safety and integrity are concerned, and the opportunity for a display of hostile feeling would present itself in the strict observance of neutrality, and withholding of warlike supplies to either belligerent. There is no doubt that once the Chinese felt the ground secure beneath them, they would not hesitate to act, even though they might still be in a state of disruption, and with only the semblance of a government at Peking, yet strong enough, at the psychological moment, to assert authority over an enemy already embarrassed and in serious difficulties. An embargo upon all supplies leaving China would be applied, in the first instance, by mild but firm request, and later,

when the behest was not heeded or only partially complied with, by energetic action, backed by the confidence arising in such cases that the harassed party will not seek to engage in fresh hostility, and so add to the sum of difficulties already taxing its resources and ingenuity to the utmost.

We cannot entirely eliminate the possibility of China being subjected to an armed Japanese occupation almost at the outset, to guarantee the supply channels, and give a base and field of action from which only armed intervention on the part of European Powers vitally interested could eject them. This is a contingency that may well arise, and must not be lost sight of in our review. The assertion of a Japanese protectorate over China would, of course, be the means of bringing Europe generally into the contest to safeguard the integrity of a nation to which they have pledged themselves. The motives are not wholly altruistic; they spring from causes with which the economic and industrial life of the Western nations is so closely connected, with foreign trade as the all-important one.

What part is Russia likely to play in the struggle? The policy of imperialist Russia had, as its dominant note in the Far East, the definite establishment of a warm-water port on the Pacific shores, to enable the lands in that por-

tion of the empire to be opened and developed on a scale commensurate with the needs and growing power of Russia. We have seen how the desire was curtailed by Japanese action, and we know that since the late war and the revolution Russia has ceased to play a significant rôle, for the country has been put back fifty years, if we are to credit the considered opinions of experts, and is in no condition to exert material influence on any struggle arising in the near future, nor possibly within the next generation. Before the Russian note can be uttered with confidence, and the assurance that action, if taken, will gain its end, a regenerated Russia must spring up; a revival that, in view of all that has happened — the wholesale destruction of life and material interests, and utter want of a sane and controlling authority — will be a lengthy process, and the transition from anarchy and chaos, such as now characterise the Russian régime, will be dependent upon many factors. Finance is in a deplorable condition — there is no possibility of negotiating loans abroad on anything like the scale demanded by present needs; whilst the industrial machine and power to ensure its smooth working in regeneration of the country will be a matter that may well appall even the most sanguine experts. We may, therefore, safely leave Russia out of the reckoning, and even should she assert herself in a man-

Moreover, the armed forces that Russia could place in the field are, from the standpoint of efficiency and fighting worth, of negligible value. Taking first the navy, this was examined in its entirety by a German naval mission that visited Russia on the invitation of the Soviet in 1925. The inspection revealed a lamentable state of affairs, the battleships, cruisers, and other vessels being not only in an unseaworthy condition, but the training of personnel had so deteriorated that to manœuvre them under the most favourable conditions, with a full and open sea, was a matter beyond the capacity of the officers and crews. Several ships collided, there were explosions resulting from insufficient knowledge of how to handle the guns and their mountings, and, but for precautions taken after this display, the disasters would have been even greater.

Subsequent to this exhibition the Bolsheviks drafted a naval reform programme: the older type of ships were to be repaired and some new cruisers and destroyers laid down in Soviet dockyards, whilst it was also proposed to reclaim those lying interned in the French naval port of Bizerta, but the latter were in such a dilapidated state that even if they could be brought back to

Russian waters their value as offensive craft would be nil.

Apart from the conditions of the warships themselves the fleet personnel is completely dis-organised, and it will be many years before Russia, provided she is regenerated within the immediate future, can exert any influence upon the Pacific problem.

The same remarks apply in large measure to the Soviet army. This is a replica of the old, recruited by conscription, and with a peace strength of over a million. The actual preliminary training of the youth of the country begins at sixteen until they are called up for military service at the age of twenty-one. It is estimated that over nine millions of men could be mobilised in time of war, but equipment is lacking, finance would cripple serious movement, and the want of suitable officers is everywhere apparent. It is admitted by experts, both in and out of Russia, that the army, though it may suffice for defensive purposes, could not conduct a war beyond the Russian border, and that it does not as such constitute a menace to European stability, let alone a threat to the Far East and the Pacific.

We will now turn to another factor, though not an all-important one, in view of her commitments and responsibilities elsewhere.

As France is a party to the Four Power

Pacific Pact, we must discuss the relative position she would occupy in any Pacific imbroglio. We have seen that the latter would be largely a naval war, and as the French sphere of action is centred on home waters and the safeguarding of interests in and adjacent to French shores her participation in the new centre would be limited.

At present the French fleet comprises two commands: that in the North Sea and the Channel, and the Mediterranean. The first has a dual responsibility in conducting a campaign at sea and protecting the coast line, since all coastal defences have been confided to the navy. The naval weakness of France was admitted during a recent debate in the Chamber, but it was hoped that this would be remedied, although the transition from weakness to comparative strength is again a matter of time, and French financial resources do not admit of any ambitious programme.

Granted, however, that the fleet were in a condition of superiority and able to assert itself in spheres beyond territorial waters, the situation in Europe and the peculiar position occupied by France since the war *vis-à-vis* Germany would not permit of any detachment of naval strength. It is of vital importance to the French nation that communication between the southern ports of France and those of Northern Africa should be kept free from interference, for, in the event of

HANKOW: THE OLD CHINA THAT STILL CLINGS TO THE PAST



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another continental war, the army would be dependent in no small degree upon the reserves it could draw from the African theatre. Indeed, French naval manœuvres have been conducted with the object of testing the feasibility of keeping open that line and ensuring the flow of reinforcements to the army.

This and her own immediate safety are the two problems of paramount importance which cannot be neglected for less pressing questions, so that, despite French interests in the Pacific, the influence that she could bring to bear on behalf of the United States, for example, would not materially affect the strategical situation, nor would French bases in Indo-China be of much value to the Americans, for docking accommodation is limited, and the American sphere of action would not be extended by assistance gained from that quarter.

It would, indeed, be a matter involving the gravest risk for France to despatch any part of her fleet, at the strength it is likely to represent for some years to come, to the Pacific, and if Britain were neutral there are no adequate bases where the ships could refit. We can, therefore, conclude that French participation would, in the main, be necessarily limited to moral support of the United States.

We have now to see the effect on the Far East and China from the victory of either the United

States or Japan as the two leading Powers and most likely opponents in the Pacific area.

Presuming a Japanese success, it would mean domination in the Western Pacific and the Far East, and enable Japan to carry on with the erstwhile plan of preëminence in China and control of her resources, for everything points to the process of Chinese disintegration increasing, rather than diminishing. The commercial vitality of the Chinese may in time assert itself, but at the moment, and for some years to come, the obstacle to development is the political chaos, with its disintegrating effect on administrative authority.

Placed in a position such as another successful war in the Far East would afford, the Japanese could practically dictate terms to China, and we might see a repetition of the famous Twenty-One Demands by which China narrowly escaped becoming a Japanese protectorate. In such an event the attitude of European Powers is not easy to define; China has been largely developed through foreign capital, the motive behind it being more political than economic. The latter afforded scope for the Chinese to play off one nation against another; acute international rivalries constantly arose; but, where foreign economic development was devoid of political design and allowed to take a purely commercial course, the result was beneficial to the Chinese.

With the immense amount of work awaiting accomplishment in China, the ways and communications to be opened up and railways built, the mines and industries to be placed on a commercial footing, and machinery of development set in motion in this fruitful field, there are great opportunities for foreign capital on a genuinely economic basis, to the advantage not only of the investor, but more so to the Chinese themselves. Absence of foreign capital and coöperation would be a loss to the Chinese, for neither by training nor tradition are they possessed of the requisite ability to construct unaided. They lack technical education and experience, as well as the constructive genius, which are essential for undertakings on an extensive scale.

We have noted how no less vital is the Chinese market to the United States than to Great Britain, but a Japanese victory would undoubtedly close it to a very considerable extent, and the outlet for investment of capital and general participation in the great economic benefits that will crystallize around China once she really embarks on genuine development.

The Japanese success would consolidate their influence in China, where force and the assertion of might, even though it be over right, has always commanded respect. None could be stronger than the English are in deprecating force, and its application to another when vic-

tory has given the Power exerting it a dominant position, and so enabled its schemes to be carried to fruition. At the same time we recall the words of a statesman with intimate knowledge of Chinese character, who, rightly or wrongly, remarked that they would yield nothing to reason, but everything to force. It is not to be expected that Japan would miss the opportunity of securing paramount influence in China, of controlling as far as possible the Chinese resources, and reserving for herself the markets and goods of that country, which are essential to Japanese existence.

But that is not all, for the Japanese would, from their victory, assume the championship of the Asiatic races in greater degree and with wider support than has hitherto been the case. It would mean the East entering upon an entirely new phase, the rise of new political entities in the Orient, and pave the way to a combination of the East against the West. To Britain as a colonial Power and India as the crux of the Empire problem, it would have far-reaching results into which we need not enter here, since they are sufficiently apparent.

It would increase the apprehension that Australia has for Japan and her growing strength, and bring once more into prominence the recognition of racial equality. In 1901 Japan had lodged a strong protest against Aus-

tralian exclusion, and a continued policy of restricting immigration, and denial of rights of equality, must inevitably lead to friction with all the consequences following in its wake. We must not forget the potential difficulties for Australia arising from a Japanese victory in the Pacific war. To follow the line of argument, and of future action, reference is necessary to the Peace Conference at Versailles in 1918. Apart from the immediate issues before that assembly, Japan pressed for a declaration of racial equality, which was quite unexpected by the world in general, and least of all by Australia. Doubtless the request arose out of the new doctrine propounded by President Wilson, and, emanating from the nation that had taken a leading part in the exclusion of yellow races in its territory, the opportunity was one not to be missed. The demand opened a wide field, and the Conference felt that it was a matter beyond their power and scope to determine.

Nothing daunted, the Japanese returned to the charge later on, when the draft Covenant of the League of Nations came up for discussion, urging that a clause should be inserted according equal treatment in all respects to the nationals of every land, for which, however, the requisite support was not forthcoming. The motion was vigorously opposed, but it might have been carried through had the Japanese agreed to exclude

immigration from the clause in question. The latter is primarily a matter for local legislation, and does not come within the jurisdiction of the League. Although the Japanese admitted in debate that it should be so regarded, they declined, with Oriental caution, to declare it in the Covenant, and their attitude on that point certainly lent weight to the opinion that they might act to the contrary should occasion demand.

We do not imagine that Japan contemplates future domination of Australia, and her action would probably be confined to securing racial equality and so removing an affront to her nationality. There is little in Australia that Japan cannot find in China and on the mainland of Asia in general, and the economic need of Australia is negligible, apart from the wool trade, and that only of the finer qualities. With the opening up of Mongolia, in which Japan is interested, and the development of its grass lands, which cover millions of acres, and the potentialities of the wool trade there, Japan can secure that article from sources much nearer home.

Summing up, we have seen what the effect of a Japanese success would be, of the hold over China which only armed intervention by Europe and America could stem, of dominance as the ruling authority which comes with victory, and

of the largest and best undeveloped area in the world thus laid open to Japanese exploitation by which the ever-present question of foodstuffs and raw materials would be settled, until their rights and holdings were challenged, which must inevitably be the case sooner or later.

Moreover, Japan would become to the East what Germany was to the West prior to 1914, with an enhancement of prestige amongst Asiatic countries, to whom the latter would look as the champion of their cause and of their grievances, fancied or real. It has been shown that there is in Japan a decided feeling of sympathy and agreement with India and all Eastern countries at present subject, either partly or in whole, to European control, and victory must lead to hegemony of the Eastern races, constituting a menace to the West with all the consequences that might follow in its wake.

On the other hand, defeat has the opposite effect; Western prestige and power would be very greatly enhanced, and a check put to subversive propaganda on the part of Soviet Russia, whilst new and undeveloped markets would be open to Europe and America, and their position from every aspect rendered more stable and secure than at any previous period. The United States would be all-powerful in the new centre; politically and economically she would carry all before her, and from a continental entity would

240 THE PACIFIC: A FORECAST  
become an overseas and colonial Power commanding a wealth of men and *materiel*, with economic and financial resources that would, in the aggregate, place her in an unassailable position.

## *CHAPTER XI: CONCLUSIONS*

*Far East after a war in the Pacific. Britain, United States, and China. Japan and Russia. Asiatic League of Nations. The dawn.*

THE enigma of modern politics is whether the complete development of the Pacific as the new world centre will come without, or only after, an armed conflict in that ocean.

In the previous chapter the probable course of war has been reviewed. It now only remains to be stated that so inevitable is the future of the Far East, that while a war may retard the unfolding of history, it can scarcely deflect the course of events.

The twin ideas of self-determination and defence of weaker nations by the stronger make it certain that, whether Japan wins or loses the possible conflict with the United States, her expansion must be limited. Alliance, not invasion, will, we predict, be the Japanese policy a generation from now, for the events of the past three years have proved that China, at the moment of her greatest weakness, has too many interested and disinterested friends among the nations to offer an opening for establishment of a Japanese protectorate before the Republic has

emerged from the initial stage. An alternative field for Japanese expansion in the Pacific is Australia, the possibilities of which have already been examined, and the reasons behind the "white Australia" policy will prevail, if only because the latter is, in the long run, in the interests of the world. It is true that from many points of view an attempt to penetrate Australia would seem to offer Japan more hope of material gain than a conflict with the United States could possibly bring her. But the knowledge that Britain and world opinion would be ranged against her may well deter a nation of astute diplomats, who know the vulnerability of a nation which must not only procure most of her raw materials and a high proportion of her food from overseas, but engage continuously in the task of extending her foreign trade if financial strength is to be conserved.

Ever since the first Portuguese and British ships penetrated beyond India the real conflict in the Pacific has been that of ideas. The West has sought to impose European standards upon Asia, and the Asiatic nations have replied by edicts, laws, and expeditions, designed to maintain inviolate their own traditions, prejudices, and customs. Each thought the other barbarians and consequently, until the dawn of the twentieth century, made little or no effort to understand the other's point of view.

The conflict will, to some extent, continue. The days when Japanese clans demanded the expulsion of foreign missionaries and Chinese were put to death for teaching "foreign devils" to speak their language have gone. But it is the same conflict, even though the Japanese clans have been changed by the modernisation of China into capitalists and diplomats. Many of the Chinese courtiers have become more antiforeign, and many of them intriguing war lords.

In the future, therefore, we are likely to see in the Pacific a balance of power struck between the white nations possessing interests there, headed by Great Britain and the United States on the one side, and the Asiatic peoples headed by Japan on the other.

None can say with any assurance in which of these two groups China will be found. For many years to come she will need to give undivided attention to putting her house in order. Once a strong central government is established she will have time to consider the new situation. Were she called upon to make a decision tomorrow, there is little doubt that China would side with the antagonists of Japan, for the fruit of the latter's policy in China during the past ten years is one of unpopularity.

The final evolution of China will depend upon the Japanese attitude more than any other fac-

tor. If Japan, from imperialistic motives or sheer necessity, attempts to strengthen her hold upon the economic resources of awakened China, the possibility of an Asiatic League of Nations, headed by Japan, can never be fully realised. The obvious policy is to propitiate the Chinese by any means in her power, but her statesmen, after contemplating the industrial and economic sacrifices such magnanimity would involve, might endeavour to effect an understanding with Russia, which some authorities consider not improbable, but the material support that Russia, under existing conditions, could offer would be negligible.

To those who still measure the possibilities of the Far East in terms of the Russo-Japanese War, and the recent Japanese outbursts against Bolshevism as preached in China, such an idea appears impracticable; but one traveller, with wide experience of Asia, who recently made an extensive tour of enquiry through Siberia, Manchuria, and the Vladivostok region, upon his return to London, expressed it as his considered opinion that an alliance between Japan and Russia would certainly be signed within the next five years. He further considered it would bind either country to support the other in the event of war, thus repeating the terms of the old Anglo-Japanese Alliance, but with the added danger to the peace of the world, that

both nations concerned have much to gain and little to lose by a conflict.

Who would prophesy the Japanese reply to a proposal from Moscow for an alliance upon the basis of Japanese coöperation with Russia, financially, industrially, and strategically, in return for Japanese freedom of action in Asia and the withdrawal of all Communist agitators west of the Urals? Russia, realising the difficulty of spreading Communist doctrines among the backward and individualist peasants of Asia, might sign such a document to-morrow, especially if an exception was made in the case of agitation within the Indian Empire.

Japan, while opposing the eastward strengthening of Russian territories while there remains the possibility of Russia acting against her interests in China or even allying herself with Europe by entering the League of Nations, might welcome an understanding which would give scope for the formation of an Asiatic League of Nations, and provide an ally in Europe, though one of doubtful value.

The defeat of Japan by the United States would not alter her destiny. If the terms of the Allied armistice with Germany were repeated, and she were forced to surrender her fleet and disarm the land forces, it would not affect matters. For the energies thus liberated would be applied towards gaining mercantile

supremacy, which could scarcely be denied her in any treaty which she could be forced to sign, or the United States would have the power to dictate. Geographical factors would prevent a fight to a finish, although victory for Japan would curtail United States influence in the Pacific.

Japan possesses youth, energy, and a keen desire for education. But she has yet to learn how to handle other nations — especially subject races — with the degree of success achieved by the European colonisers. She may acquire the faculty, for it would be no more surprising than her rise from the primeval state to one of the leading nations of the world.

More than once she has shown that her people possess great adaptability and can be schooled into accomplishing what appears to be impossible to the onlooker who contemplates the old Japan.

The future part which the United States will play is equally clear. The day when the American Government would have weighed the liabilities of a Pacific policy against the material gain accruing from that region is over. To-day the prestige of the United States — the most sensitive people on earth where their dignity is concerned — make it certain that, even at the cost of war with Japan, she intends to retain her present interests in that ocean, and to extend her trade and influence. The United States will

enjoy a large share of the growing trade of the Pacific, limited only by the growth of industries in Asia and the superior position of Australia, who will be her rival in the commercial contest. At the same time, the influence of the United States in the realms of medicine, religion, science, and other humanitarian fields, will be considerable, for the great Republic has shown itself to be foremost in the succour of whole nations since the Great War. Despite the awakening of Asia, there will remain ample scope for such activities, as the present famine in Central China, affecting over three million people, clearly shows.

It is probable that during one phase of the development of the Far East, the rivalry between Japan and the United States will be keener than that between any other two nations. Japan, whose aim it is to impose a new "Monroe Doctrine" upon the Western nations where Asia is concerned, realises that she cannot expect the fulfilment of that project until she has outsold or outfought the United States in the Pacific itself — hence the easily stirred feeling of aggravation with the American Republic at Tokio.

The United States, on the other hand, is equally desirous of asserting her claim to a share in the coming world centre — hence the annexation of the Philippines, extended interests in China, and the fact that her statesmen are willing to risk the acknowledged possibility of

becoming involved in a conflict with Japan in a region in which victory would afford no territorial *quid pro quo* for the effort needed to maintain a footing.

It is highly improbable that after the Pacific war has come and gone the United States will be found to possess more territory there than at present.

The American weapon in the Pacific will be an economic one. By growing trade, the development of air routes, the establishment of which are heralded by recent attempts to fly from California to Hawaii, and by industrial concessions, the United States will remain a factor to be reckoned with.

The weakness of America's position lies in that very undeveloped state of Asia which has made possible the rise of American interests there. Until the industrialisation of Asia is more fully advanced, and the liabilities of the United States have been balanced against the assets, none can say whether she will gain or lose by the changed conditions. If Japan, for instance, can develop the untapped oilfields of China she would forthwith secure a key industry and render the new factories and oil-consumers of Asia independent of American oil supply.

Lack of an absolute title to any portion of the Pacific lands constitutes the weakness of the United States in that region. The highly devel-

oped industrial cities which will face her traders there can only be created by continuity of tenure, such as leases or concessions, liable to confiscation with every change of government, can never supply.

For this reason it would obviously be unwise to include any of the present British Concessions in China, not excepting Shanghai, in an inventory of the British position in the Pacific twenty years hence. Hong Kong will by then probably be the sole remaining relic of the days when neither Chinese Empire nor Western countries courted neighbourly habits.

Britain's future prospects in the Far East, however, are not subject to the difficulties confronting the United States. Great Britain, from her connection with the Australian Commonwealth, New Zealand, and Singapore, is also destined to be a leading white Power in the Pacific. Experienced students of international politics incline to the belief that coming developments in that ocean, and the rise of new and vital problems, will reinvigorate our race and prolong for at least a century any threatened weakening of the Empire. The rise of the East will confront us with a crisis unexampled in our experience as an industrial nation; and in the face of such a challenge it may well be that the spirit of our people will refuse to acknowledge defeat. All the more so because the eventual

consolidation of our interests, and with it the raising of the standard of life for all within the Empire, will surely follow a determined attempt to meet changed conditions by renewed efforts.

The British Empire, in conjunction with the United States, by assuming a leading rôle in the Pacific, will be but confirming the verdict of history, which shows clearly that in temperate lands alone does mankind possess the organising ability by which a new world centre can be created. This is apparent to those conversant with life in tropical countries, where food is plentiful and existence without effort quite possible. Only in the harder climates must man work, or succumb to starvation or exposure.

Japan lies also within the temperate zone, and the Japanese are good organisers. As colonisers they have achieved little, and the weakness of their position is that, to initiate an idea of "Asia for the Asiatic", they must rely upon races and tribes lacking the requisite qualities and ideals.

The future of India does not affect the issue, while a Pacific war, if Britain is not involved, would strengthen our position.

A warning may well be given here against the optimism which measures Britain's position in the Pacific by the orders reaching Lancashire or Birmingham. That phase, when the Asiatic exchanged food or raw materials for European or American manufactured goods, is already

passing, as Sir George Paish showed in a recent survey of our trade prospects :

"Actually our exports are less than before the war," stated this authority. "The world's manufacturing equipment has been vastly increased—in America most of all, but also in Japan, India, and even China." \*

The statement for 1927 issued by the Manchester Chamber of Commerce emphasises the present condition of the Lancashire market in China and the Far East. The report says that the exports of piece goods to China were 717,000,000 yards in 1913, since when they had gradually fallen off until reaching the total of 94,900,000 yards in 1927. Similarly the yarn exports had dropped from 2,146,400 pounds in 1913 to 1,195,800 pounds in 1927 with a value of £137,238. Civil war has been mainly responsible for this lapse, but in so far as cotton goods are concerned, Great Britain has not obtained a proportionate share in even this reduced volume of business. The keen competition is due to Japanese exporters and local Chinese mills.

There is undoubtedly much abuse of trademarks, but it is hoped to counteract the pernicious activities of Eastern rivals by a satis-

\* The latest trade figures for India support this view. Since the war India's imports from this country have dropped from sixty-three per cent. of the total to forty-eight per cent. in 1926-1927.

factory working of the Chinese trade-marks law. Many British and other Western firms have secured recognition for their registered trade-marks, and the value of this protection will be greater when stability is restored.

The above report further states that there is ever-increasing competition from other countries; despite the fact of civil war and widespread internal trouble, China is doing a considerable import trade of which Great Britain is not securing anything approaching her proper share, a difficulty that is a vital Lancashire problem.

The contest for the new trade of the Pacific must be settled there, which, for Great Britain, means in Australia, New Zealand, and Singapore. For a time the awakening will bring an increased export of factory machinery, railway material, and other manufactures from Great Britain to her Pacific dominions; but this will cease in exact ratio to the gradual industrialisation of China and Australia.

Japan is already developing engineering, electrical, and aircraft industries. Soon, only demands for such specialised manufactures as bridges, railway locomotives, steamships, and a small range of the finer fabrics will be made on Europe; the rest will be "made in Asia."

The conditions making it possible for the once pastoral countries of Asia to thus compete with

Western nations are lucidly stated by Mr. J. Macmillan Brown in "Peoples and Problems of the Pacific" \*:

The Orient (states Mr. Brown), has by a long series of periodical famines developed a race that surpasses all others in industry and submission to discipline. It is such a race, too, which is most prolific. It was only the fitful moods of nature producing as they did those very intermittent periods of starvation that saved the world from being overrun by those Orientals who live outside the tropics. . . . But now that Western methods of hygiene, industry, organisation, and commerce are finding their way into the East, famines will recur less frequently and with less devastating effect, and the limit to increase of population and of wealth will vanish; while the spread of education will saturate industry and organisation with a more preserving intelligence.

The response of Europe to this new position will probably be a Tariff Union embargo on the cheap products of Asia :

If factories are set up in China, as they are not only by Western capital but still more by Oriental, the manufactures of the West are doomed without a protecting tariff wall; the world will see cheap production *in excelsis*,

stated Mr. Brown.

The factories are under construction in China. More and more will be erected in the next few

\* "Peoples and Problems of the Pacific", 2 vols. T. Fisher Unwin, 1927.

years; nor will the process cease until China has become industrialised.

The energies released in this country by our diminishing trade with the Far East will be diverted to Australia and assist the island continent to play her part in the new world centre. There will thus be a period during which Japan and China will be free to develop the Asiatic market lying at their doors.

Eventually a state of truce will exist between East and West, and each will engage in the work for which it is best fitted.

If Japan has contemplated an embattled Asia it can hardly be realised, not on account of American antagonism to her aims, but from the fact that no real measure of unity exists between the Asiatic peoples. If a bond of sympathy may be looked for between Japan and other races, it is in Korea and China that the investigator can usefully make enquiries. Korea has been in the occupation of Japan for many years, while China has been within measurable distance of becoming a Japanese Protectorate, yet in both these countries it cannot be denied that distrust of the Japanese exists.

On the other hand, the events of the next few years may see an amelioration in the Celestial attitude and draw China nearer to Japan, a process that would be accelerated if both countries abandoned their present system of writing

or the use of symbols, and substituted an alphabet easy of acquirement by the average peasant. This apparently simple matter of hastening an educational reform is probably Japan's greatest chance of definitely bringing China to her side, for together they have it in their power to abolish for all time the present educational frontiers which prevent free and complete intercourse among the inhabitants of the various Chinese provinces and those of China and Japan.

Closer relations, however, with the new China may not be without peril for capitalist Japan. Already the success of her industries is bringing to a head industrial troubles similar to those with which we are only too familiar. Strikes, Socialism, the growth of Trades Unions, must be met either by improved conditions or increasing losses owing to internal conflict. Japan must also buy her raw materials in the world market, and rising prices will tend towards a decline in her present advantage of cheap production. It is at least doubtful whether it will be possible to purchase machinery ten years hence cheaper in Tokio than in London or Pittsburg.

Looking still further ahead, the world will be definitely better off for the industrialisation of the East which began in our generation. The great increase in purchasing power and standard of comfort for the teeming millions of Asia will have more than offset the losses due to industries

which have gone and those which will be but a shadow of their former selves.

When the Pacific has fulfilled the prophecies of to-day and become the "ultimate arena of world history", Australia will be a second United States, a favoured land filled with a vigorous and thriving population, drawing wealth in equal parts from the land and cities, but still looking to Great Britain for such goods as she does not herself manufacture, and partly for the ships in which to carry her exports.

Japan will have partly solved her population problem by migration to Manchuria and by intensive development of her own country, which will necessitate her importing foodstuffs on a scale hitherto unknown.

Great Britain and the United States together will have secured the permanent good will of an awakened China by guaranteeing its integrity during the early years of struggle, while the development of air routes will have linked East and West as closely as are Germany and Britain to-day, and as the railway opened up Western Canada and the United States a century earlier.

Great Britain's future in the Pacific — essential as it is to Europe and our Empire — will not be assured without sacrifices. Politicians who dispute the elementary duty of the British Government to protect lives and property in China are unworthy of the heritage handed to us in the

past and held in trust for the future. They should pause and consider the alternative — a British withdrawal from the Pacific. In that event our place would be taken by either Italy or Germany — probably the former — and the struggle for economic power would continue with a discredited British Empire in rear, and no outlet for population or goods. For us a prominent share in development of a great undeveloped region of the earth is vital to our continued existence.

The industrialisation of the Pacific, even now being enacted, will be an acid test for British industries. There will inevitably be many changes, possibly more than one armed dispute, before the factory chimneys stretch from Paisley to Chefoo. But the day when every country is equipped to make its maximum contribution to the comfort and good of mankind will dawn, and in the end the cessation of the monopoly hitherto enjoyed by Western nations will enrich and benefit the world.

With the coming of the Industrial Age, the war lords will disappear in both hemispheres, and the Golden Age will dawn for a Pacific Ocean and the cradle in which will be born the achievements of another century.

Dangers, suspicions, antagonisms abound. Only time can disperse them; but after examining every known factor in the light of British

interests and of the interests of the Pacific itself, we reach the conclusion that the present at its worst is better than the past, and that in the developments of to-day in Asia lie the hopes of a great to-morrow when two civilisations so long separated are at last working in common for the good of mankind.

## INDEX

- Air Power and Pacific, 120, 213, 214-215, 216, 217, 222-3  
Air Power of Tomorrow, 120, 121, 122, 123, 124  
Anglo-Japanese Alliance, 19, 48, 78, 79, 118  
Asiatic League of Nations, 245  
Australia: defence of, 104  
    future of, 94, 95, 98, 99, 100, 101, 102, 104, 105, 106, 107, 185, 193, 252  
    migration, 96, 97, 186  
    population of, 96, 99, 106, 107  
    railways, 103  
    trade figures, 103, 162, 163  
    trade, future of, 167, 168, 185, 252  
white or yellow, 100, 101, 106, 107, 151, 153, 154, 192, 193, 236, 237, 238, 241, 242, 243, 256
- Botany Bay, 8
- Canada: migration, 110  
    as Pacific Power, 108  
    Vancouver, importance of, 110, 111  
Caroline Islands, 138  
China: civil war, 94  
    conditions in factories, 179, 180  
    family system, 72  
    and foreign powers, 107  
    future of, 161, 233, 234, 235, 236, 243, 244, 253, 254, 255, 256, 257, 258
- future of foreign concessions, 249  
    Pacific trade with, 161, 162  
China and Pacific war, 227, 228  
    railways, 74, 75  
    resources of, 155, 176, 177, 178, 179, 253, 254, 255  
    risk of Japanese intervention in, 192, 196, 197, 209, 210, 228, 234, 235, 236  
    trade, 160, 161  
Trades Unions in, 180, 181  
war with Japan, 13
- Ellice Islands, 142
- Fanning Island, cable station, 142
- Far East, mineral resources of, 155
- Formosa 57, 202
- France, policy in Far East, 231
- French, naval strategy of, 231
- Geneva Disarmament Conference, failure of, 203
- Germany and oil fuel development, 133, 134, 135, 136, 137
- Great Britain: Four Power Treaty, 77, 80, 93  
    future in Pacific, 249, 256, 257, 258  
Hong Kong, 86
- Imperial Preference, 163
- India, industrial development, 173, 174, 250
- Lancashire trade with Far East, 173, 180, 250, 251, 252

- Great Britain: oil development, 129, 130, 131, 132, 133, 134  
 Pacific policy, 76, 104, 105, 106, 108, 109, 111, 112  
 Pacific trade with, 161, 173, 177, 178, 179, 250, 251, 252, 253  
 policy in China, 84  
 Shanghai Defence Force, 112, 256, 257, 258  
 Singapore Base, 87, 88, 89, 90, 105, 199  
 Guam, 142  
 Hawaiian Islands, 114, 125, 144, 145, 146, 150, 206  
 Hong Kong, 86  
 India, industrial development of, 173, 174, 251  
 Japan: Air force of, 213, 214, 215  
 army, 53  
 Asiatic peoples, attitude to, 254, 255  
 colonisation, 59, 125, 138, 236, 237, 238  
 emigrants, opposition to, 100, 101, 106, 117, 118, 151, 152, 153, 236, 237, 238  
 future policy, 239, 254  
 Mongolia, interest in, 238  
 naval strategy, 206  
 navy, 55, 128  
 need of expansion, 190, 191, 192  
 industries, 169, 170, 171, 172, 174, 175, 252, 253, 254, 255  
 and Pacific war, 206, 207, 208, 210, 211, 212, 213, 214, 215, 218, 219, 220, 221, 222, 223, 224, 225, 226, 227, 228, 229, 230, 231, 232, 233, 234, 235, 236, 237, 238, 239, 240, 245, 246, 247, 248  
 population, 51, 126, 127  
 possibility of war, 190, 191, 192, 208, 209, 210, 211, 212, 213, 218  
 railways, 56, 57  
 and Russia, 230, 244, 245  
 trade, 160, 163, 164, 165, 166, 168, 211  
 Japan: Trades Unions in, 174, 255  
 Socialist party in, 194, 195  
 war with Russia, 41  
 Lancashire, trade with Pacific, 173, 180, 251, 252  
 League of Nations and Japan, 197  
 Marshall Islands, 146, 147  
 Midway Island, 147  
 Missionary pioneers in Pacific, 7  
 New Zealand: and Pacific, 95  
 trade figures, 103  
 Norfolk Island, 147  
 Northern Territory of Australia, 97  
 Oil and Pacific Problem, 128, 129  
 Pacific: British policy in, 76, 104, 105, 106, 108, 109, 111, 112  
 conflict of ideas in, 242, 243  
 future of, 242, 243, 244, 245, 246, 252, 253, 256, 257, 258  
 Monroe Doctrine for, 195, 247  
 possible causes of conflict, 100, 101, 107, 108, 112, 118, 174, 192, 195, 196, 197, 198, 200, 201, 202, 237, 238

- Russian policy in, 228, 229, 230, 231  
 submarines in, 220  
 war, probable course of, 200, 201, 202, 203, 204  
 U.S. interests in, 114, 125, 142, 143, 144, 184, 185, 201, 210  
 U.S. naval strategy in, 125, 142, 143, 144, 206, 207, 223, 224  
 as world centre, 102, 110, 159, 241, 256, 257, 258  
 Pacific Islands, trade of, 150, 151  
 Pan-Asiatic movement, dangers of, 116, 236, 239  
 Panama Canal: air defences of, 120, 213  
 Panama Canal: building of, 118, 119  
 effect upon Pacific problems, 119  
 and Japan, 120, 213  
 Papua, 148  
 Philippine Islands, 115, 207  
 Pitcairn, 148  
 Russia: army, 231  
 in Far East, 15, 19, 67, 68, 184, 230, 231, 244, 245  
 and Japan, 244, 245  
 Naval strength, 230  
 and Pacific war, 228, 229, 230  
 war with Japan, 41
- Singapore Base, 87, 88, 89, 90, 105, 164, 199
- Twenty-one Demands, 44, 94, 164, 195
- United States: and air power, 216, 217  
 United States: China, relations with, 115, 116, 211  
 interests in Pacific, 114, 126, 142, 143, 144, 184, 201, 210  
 and Japanese aims, 116, 128, 129, 143  
 and Japanese migration, 117, 118, 199, 200  
 naval strategy in Pacific, 126, 142, 143-144, 206, 207, 223, 224  
 Pacific war, possible part in, 191, 241  
 trade interests in Far East, 202, 214  
 Yap cable station, importance of, 139
- War: possibility of in Pacific, 190, 191, 192, 200, 207, 210, 211, 212, 213  
 financial weapon in, 225, 226  
 in Pacific, probable course of, 191, 241
- Washington Treaty, 76, 80
- Yangtse Valley, 177, 178  
 Yap: cable station, importance of, 139, 140, 141









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